



Daily Report

Latin America

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El Salvador's Sol Views Central American Summit
PA1812220895 Tegucigalpa Telesistema Hondureno
Television Network in Spanish 0100 GMT 15 Dec 95

["Exclusive" interview with Salvadoran President Armando Calderon Sol by reporter Edgardo Melgar; place and date not given; from the "This Very Day" newscast — recorded]

[FBIS Translated Text] [Calderon] I believe the most important issue we have to discuss is the insecurity from crime. It is a vital issue for Central Americans, because people are the ones who suffer the consequences of insecurity caused by crime. Central Americans [words indistinct]. I believe crime is exceeding acceptable levels, the parameters of [word indistinct] it can have. This social scourge exists in all Central American countries and is a very serious problem [words indistinct] for the government, the democratic state, the state of law. We need to find solutions to this problem so we can meet the demands of Central American men and women.

[Melgar] Mr. President, I understand a democratic security treaty will be signed and that you agree with it.

[Calderon] Yes. I believe the democratic security treaty will be an instrument that will expedite solutions and will enable governments to give new assurances to the Central Americans who are demanding security. The treaty includes legal security in a state of law, which is so necessary for foreign investment, development, the people's well-being and which will help us face poverty. It also includes regional security, security and the military system, and public security to meet citizen demands and confront crime.

[Melgar] How is the military issue being broached? From what perspective is it viewed?

[Calderon] The military issue has already been transcended in Central America. There are still some feverish, anachronistic people who still do not understand the changes that have taken place in Central America and want to continue reprisals against military organizations. However, I believe this viewpoint is no longer valid. This debate, thank God, has already been surpassed in our country. It is no longer important because the Army has been [words indistinct]. The Army is a technical [words indistinct]....

[Melgar, interrupting] [words indistinct] strengthening of the police?

[Calderon] We are going to strengthen the police....

[Melgar, interrupting]... to favor public security.

[Calderon] To favor public security. The military issue has already been overcome in Central America, and

you have all seen how democracies have opened spaces in the region. Military power is subject to civilian power in Central America. This is a reality. It is a fact that democratic processes have advanced in Central America. We have to state this because it is true. [words indistinct] in Central America.

[Melgar] How is the issue of U.S. military bases in a country, for example, Panama and Honduras, being viewed?

[Calderon] Look, I think this is an issue that falls within the sovereignty of each state. We have to see it in this dimension. We have to see it as something that is [words indistinct], and we have to respect Honduras and its sovereign decisions. The same goes for Panama. I believe they know why they take certain actions. If there is a referendum [words indistinct] in Panama, the Panamanian people would most surely respond that there can be bases in Panama if a price is paid for them and an agreement is reached. Several journalists, based on polls and [words indistinct], have told us this is viable.

[Melgar] In sum, those are [words indistinct] decisions [words indistinct] literally.

[Calderon] Literally. I believe those are autonomous decisions to be made by each government.

[Melgar] [words indistinct] broached in this summit [words indistinct]?

[Calderon] Well, look, it was presented but [words indistinct]. I believe it would be senseless for El Salvador, as a government, to give Honduras or Panama a recipe on how to act. I am very respectful in this sense.

[Melgar] Costa Rica was very respectful. It came with the thesis [words indistinct] of demilitarization because they believe democracy cannot be strengthened with an army [word indistinct].

[Calderon] I believe Costa Rica [words indistinct]. It must take into account our people's idiosyncrasies. We have to assess the role of the Army in our countries. The Army has boosted education, development, and training in my country, El Salvador. I believe we must not [words indistinct]. We have to see how this instrument has been vital for the cohesion of our nationality. I believe the same applies for Honduras and Guatemala. The Armed Forces are a tradition in our countries and the backbone of our institutionality.

In this sense, I respect institutionality and am very demanding too. The people elected me to be the general commander of the Salvadoran Armed Forces. [words indistinct] political power is over military power in

El Salvador. This is a reality. I believe that if we do not comply with the constitutional institutionality or comprehend the changes that have taken place in Central America, we cannot talk about democracy in the region. I am a defender because I see [words indistinct] different to Guatemala and El Salvador. There have been democratic changes in our countries and proof of this is this splendid summit, similar to other summits held. I believe you will see a final document — we still have to discuss many things — that contains a pact that has been reached without problems, secrets, fears, and that clearly addresses the military issue and citizen security and legal problems in the region.

First 'Latin Barometer' Poll Published 96P20135A

[FBIS Media Note] Japan's image outshines that of the United States or Europe in Latin America. Peruvians have the greatest tolerance for authoritarian rule; Uruguayans experience the greatest personal safety; and Brazilians are the most optimistic about their personal prospects. This is what the new Latin Barometer (Latinobarometro) showed, as published in the Peruvian weekly SEMANA ECONOMICA (SE). The weekly published the poll's first findings in its 29 October issue.

Background

The Latin Barometer was modeled on the European Union's annual Eurobarometer and was instituted in early 1995. The purpose of the Latin Barometer, according to SE, is to provide information to decision-makers with regard to the political and trade "integration process" of the region and the "growing internationalization" in the cultural and social areas. The poll was conducted in May-June 1995 by polling institutes in Argentina, Brazil, Chile, Mexico, Paraguay, Peru, Uruguay, and Venezuela. According to SE these eight countries are inhabited by 365.7 million people, or 76 percent of the entire population of Latin America. About 1,200 people in urban areas were interviewed in each country, with the exception of Paraguay where the poll was conducted exclusively in Asuncion. A total of 9,077 interviews took place, a sample that was designed to represent 82 percent of the region's inhabitants, according to SE.

Latin America's View of Europe, U.S., Japan

Asked in what order they would list Europe, the United States, and Japan with regard to "image," Japan took the lead in five countries, while the United States led in two, and Europe led only in one country.

In Peru, Paraguay, and Venezuela, Japan led the way with the United States in second place and Europe in third. In Peru and Paraguay, Japan was 11 points ahead of the United States, with Europe an additional 5 points behind that. In the other three countries Japan's lead was only about 3 points. Japan also led in Chile and Argentina, but in those countries Europe came second, with the United States third. The United States led by 6 and 2 points, respectively, in Brazil and Mexico. Both countries ranked Japan second and Europe third. In Uruguay, Europe was ranked number one, closely followed by Japan and the United States, in that order.

A Little Authoritarianism Doesn't Hurt...

A full 80 percent of the Peruvians interviewed said that authoritarianism is not necessarily bad, while in Mexico, Uruguay, and Argentina opinion was fairly evenly divided between those who thought it did not hurt and those who thought it was "not needed."

In Mexico 44 percent did not object to authoritarian rule, while 50 percent said it was not needed. In Uruguay and Argentina the numbers were roughly even on either side of the issue. A majority was in favor of authoritarianism in Brazil (52 percent), Chile (63), Paraguay (70), and Venezuela (78).

Surpassing Parents' Living Standard

In Brazil, Chile, and Peru, more than 50 percent of the respondents believed their standard of living could surpass that of their parents. In Uruguay, Venezuela, Argentina, Paraguay, and Mexico less than 50 percent held this view. Brazil registered the most optimism, Mexico the least. In Mexico more people expected their living standard to go below that of their parents than above.

A full 64 percent of the respondents in Brazil thought they could have a higher standard of living than their parents, while 13 percent thought it would be the same, and 22 percent thought it would be worse. In Chile 58 percent hoped for improvement, 28 thought it would remain the same, and 12 percent expected a decline. In Peru 53 percent expected improvement, while 23 percent expected no change, and 20 percent expected the standard to go down. For Uruguay the figures were 49, 17, and 29 percent. Venezuela's figures for improvement, no change, and decline were 45, 16, 36. In Argentina there was not much difference between those who believed in improvement and those who expected a decline: 39 to 35 percent, with 21 percent seeing no change. In Paraguay 38 percent took an optimistic view, 33 percent saw no change, and 17 percent expected a turn for the worse. In Mexico 35 percent expected

improvement, 20 percent no change, and 37 percent a decline.

Equal Opportunity for Women: Jobs, Salary, Education

In all the countries except Chile, more than 50 percent of the respondents believed women had the same opportunities as men in finding jobs. In Venezuela, Mexico, Brazil, Paraguay, and Peru more than 50 percent also believed women would get equal pay. In all the countries, belief in equal educational opportunities for men and women ran high, ranging from 87 percent (Brazil) to 76 percent (Chile). In all of the countries more people believed women had equal educational opportunity than believed they had equal opportunity for jobs and pay.

In Venezuela 68 percent thought job opportunities were the same for women as for men, 66 percent thought they would get the same salary, and 85 percent thought they had the same educational opportunities. In Mexico the figures were 67, 65, and 79 percent. In Brazil they were 63, 60, 87. In Paraguay 62, 60, and 77 percent saw equal opportunity for jobs, salary, and education. In Peru the numbers were 57, 53, and 81. In Argentina 52 percent saw equal opportunity for jobs, 49 for salary, and 79 for education. In Uruguay the figures were 51, 43, and 83 percent. In Chile only 42 percent believed the job opportunities were equal, 35 percent that the women would get the same pay, and 76 percent thought they had equal educational opportunities.

Health, Education, Housing

One of the questions asked was whether health, education, and housing had improved in "recent years." The most positive responses were in Peru, the least positive in Argentina.

In Peru 42 percent saw improvement in health, 53 percent in education, and 40 percent in housing. In Chile 28 percent noted improved health, 38 percent improved education, and 47 percent improved housing. In Mexico the number of respondents who saw improvement in health, education, and housing, were 44, 39, and 29 percent, respectively. In Paraguay 31 percent saw improvement in health and 36 percent saw improvement in education and housing. In Brazil only 26 percent noted improvement in health, 31 in education, and 25 in housing. For Uruguay the numbers were 28, 19, and 27. In Venezuela 22, 18, and 20 percent saw improvement

in health, education, and housing, and in Argentina 21 percent noted improvement in health, only 12 in education, and 24 in housing.

Assessment of Personal Economic Situation

With the exception of Mexico the majority of respondents in all the countries chose "average" to describe their economic situation: from 69 percent (Peru) to 47 percent (Argentina). In Mexico more people (48 percent) thought their situation was "bad" than thought it "average" (44 percent).

In Paraguay 33 percent thought their situation good, 55 percent thought it average, and only 11 percent thought it was bad. In Argentina the numbers were 25, 47, and 28. In Brazil 25 percent chose "good," 57 percent "average," and 18 percent "bad." In Chile the numbers were 24, 58, and 19 percent. In Uruguay only 19 percent chose "good," 60 percent chose "average," and 21 percent chose "bad." In Peru a modest 16 percent thought their situation was good, 69 percent saw themselves as average, and only 15 percent saw it as bad. In Venezuela the percentage who chose "good" dropped to 14, while 64 percent chose "average" and 21 percent "bad." In Mexico only 8 percent saw their economic situation as good.

Environment Versus Economic Development

Asked which to choose if they conflicted, environmental protection or economic development, a majority in all the countries favored the environment, from 66 percent (Chile) to 51 percent (Mexico and Peru).

Violent Crime

Asked if they or a family member had been assaulted in the last 12 months, a majority in all of the countries responded in the negative, from 83 percent (Uruguay) to 56 percent (Venezuela).

Peru and Mexico had almost identical numbers: 33 percent reported assaults in Peru, 31 percent in Mexico, while 65 percent reported no assaults in both countries. In Paraguay and Chile 30 percent reported assaults and 69 percent said they had not been assaulted. In Argentina assaults were reported by 27 percent, while 71 percent responded in the negative. In Brazil assaults were reported by 23 percent of those interviewed, with 76 percent reporting no assaults.

Cuba

Miami-Based Media Step Up 'Campaigns' on Juragua Plant

PA1812021895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Dec 95

[From the "NTV" newscast]

[FBIS Translated Text] Miami-based media have in recent months stepped up their campaigns against the conclusion of a nuclear power plant under construction in Cuba. The political reasons behind this campaign were exposed during a forum with workers from the Juragua Nuclear Power Plant in Cienfuegos Province. Technical arguments were given to show the unsubstantiated and biased nature of the propagandistic crusade.

During the workshop, it was explained that the Cuban reactor technology is today the most widely used worldwide, with a design different from the one employed in the Chernobyl plant. Most of the modifications suggested by the International Atomic Energy Agency have already been implemented in the Juragua plant. More than 500 certified solderers were employed during the peak phase of the plant's construction and were the only ones authorized to perform the more complicated tasks. The quality of the soldered joints were rigorously checked with tests for pressure and airtightness and the application of x-ray, ultrasound, and even capillary spectroscopy [espectroscopia capilar] techniques.

To date, Juragua plant employees have been sent on more than 1000 training trips to nuclear power plants in operation, particularly in Europe. The workshop concluded that the current campaign to discredit the Juragua Nuclear Power Plant, promoted from within the United States, is another act of harassment against the Cuban revolution because of the fact that the plant's conclusion would impact favorably on the country's economy.

Quebec Minister Views U.S. Embargo, Economic Ties

PA1912004995 Havana PRENSA LATINA in Spanish 2236 GMT 15 Dec 95

[FBIS Translated Text] Havana, 15 Dec (PL) — "The U.S. blockade will not change the trend of improvement which economic relations and the respect between Cuba and Canada are experiencing," Quebec's Agriculture Minister Marcel Landry said in this capital today.

In a statement to PRENSA LATINA, Landry said "our ties are more than 100 years old, and this week's visit to Cuba by more than 60 businessmen from Quebec demonstrates our determination to continue establishing

close contacts. This visit to the island is the most important one ever organized by Quebec."

Landry said this mission has held meetings with officials from the Cuban ministries of agriculture, fishing, and food, because "we have an interest in carrying out joint projects." He did not go into the details of these projects.

Referring to the closer ties between the European Union (EU) and Cuba, the minister welcomed them provided, he said, they are promoted based on mutual respect. Cuba is the only country in Latin America with which the EU does not have a cooperation agreement.

The EU is Cuba's leading commercial partner, with \$1.47 billion in 1994 (45 percent of the total exchange).

Canada held an enviable position among Cuba's commercial partners in 1994: The largest number of tourists that visited Cuban beaches came from Canada (approximately 250,000 people). Canadian corporations have established the largest number of companies among all foreign investors, and the leading foreign company operating in Cuba, Sheritt Inc, is from Canada.

There has been a sustained increase since 1990 in the commercial exchange between the two countries with annual growth rates greater than 8 percent.

Official figures indicate the foreign capitals invested in Cuba surpass \$2 billion. These funds come from more than 50 countries, and Canada ranks number four, after Spain, Mexico, and Italy, in terms of volume of invested capital.

Environmental Cooperation Pact Signed With Colombia

PA1812201695 Havana PRENSA LATINA in Spanish 1629 GMT 14 Dec 95

[FBIS Translated Text] Havana, 14 Dec (PL) — Today, Cuba and Colombia signed here an environmental cooperation agreement "as a sign of their agreement on environmental issues and the significance of these issues for the development of society."

The visit by the Colombian technical mission, led by Environment Deputy Minister Ernesto Guhl Nannetti, ended today after the signing of this document. The delegation toured several scientific centers in Cuba at the invitation of Cuba's Ministry of Science, Technology, and Environment (CITMA).

First Deputy Minister Ismael Clark signed the agreement on behalf of CITMA, during a ceremony held at the National Capitol's Simon Bolivar Room. CITMA Minister Rosa Elena Simeon and Colombian Ambassador to Cuba Ricardo Santamaria attended the ceremony.

In an interview with PRENSA LATINA, Guhl Nannetti said that the Colombian-Cuban cooperation in environmental matters is heading in two directions: the exchange at the scientific-technical level and the adoption of joint positions in the international arena regarding such issues as biodiversity [biodiversidad] and climatic changes.

Thus, he stressed, several exchanges of Cuban directors in Colombian research centers have been scheduled, and vice versa. An exchange of this sort will take place between the Scientific Research Institute of the Colombian Amazon Area (SINCHI) and the Cuban Genetic Engineering and Biotechnology Center.

Exchanges between organizations assigned to the research of sugarcane, water treatment, sewage handling, as well as that of ocean problems and coastal ecosystems will also take place during the first half of 1996.

The agreement also includes feedback and bilateral institutional support in the aspects of clean production and licenses, training and environmental policies, as well as the area of international relations.

To support these initiatives, the Colombian deputy minister explained that the Colombian Government will promote the necessary actions to obtain economic resources from the FAO [UN Food and Agriculture Organization], which stated its interest in supporting these cooperation ties with Cuba during the second meeting of the joint Colombian-Cuban commission.

In addition to contributing facilities and other types of infrastructure, both the Colombian Environment Ministry and the CITMA will take action to obtain economic resources from the United Nations and other international organizations.

National Assembly President Interviewed

PY1812115395 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 11 Dec 95 Section 1 p 4

[Interview with Ricardo Alarcon de Quesada, president of the Cuban National Assembly, by Fernando Rodrigues at the Ca'd'Oro Hotel in Sao Paulo, on the occasion of the Latin American Parliament session]

[FBIS Translated Text] [Rodrigues] How will the Cuban economy develop in 1996?

[Alarcon] We will continue confirming the trend of recovery that began this year. Our greatest hope is that the sugar harvest will mark the definite recovery for this crop.

[Rodrigues] One hundred-percent foreign investment was allowed in Cuba in 1995. What kind of similar measure will be adopted for 1996?

[Alarcon] I anticipate that we will finish applying the new tax law. It will mainly affect the classes that generate the greatest income: self-employed workers.

[Rodrigues] You must be referring to, for example, restaurants in homes, the so called "paladares." How much tax are they paying now and how much will they pay in the future?

[Alarcon] They are currently paying a fixed, monthly amount for a license. They are paying the same price independently, whether they earn 10 or 10,000 pesos. Basically, those who own "paladares" pay for their monthly license with one day of work.

[Rodrigues] When will the new tax be applied?

[Alarcon] As of January. It will be a progressive tax on income. The more they earn, the more they will have to pay. A progressive tax will also be applied on people who earn dollars.

[Rodrigues] Will such progressiveness be applied on imports? For example, a similar tax is currently being charged for milk and perfume imports.

[Alarcon] Yes, but it is the importing company that pays the tax, not the consumer.

[Rodrigues] Of course, but a basic product becomes more expensive for the final consumer...

[Alarcon] That will be analyzed.

[Rodrigues] Fidel Castro has visited the PRC. Is that country's model closest to the Cuban model?

[Alarcon] I do not think that kind of comparison can be made. But I would say that the Chinese and Vietnamese experiences have a basic point in common: to develop their own socialist project using methods or instruments from the market and capitalist economy. Cuba also does that. But we cannot implement in Cuba a Chinese socialism and neither can China implement a Cuban socialism.

[Rodrigues] What is the name of this mixed system of socialism with capitalist methods?

[Alarcon] We do not intend to give it a name. We call it our own socialism.

[Rodrigues] Isn't the growing presence of a new caste of people with access to self-employed jobs incompatible with the socialist revolutionary ideals?

[Alarcon] There are inevitable effects for which we must now adopt measures.

[Rodrigues] What effects?

[Alarcon] Social differences. But the important issue is that our politics is socialist. Our politics seek to defend the interests of those who have less. This is why we are applying these new progressive taxes to distribute wealth.

[Rodriguez] But that kind of measure does not solve the problem of distribution of wealth in capitalist countries...

[Alarcon] In our case, when we had to begin opening our economy in 1988—1989, we had a high level of social equality.

[Rodriguez] But wasn't that the objective of the Socialist revolution?

[Alarcon] But what are we going to do? Are we going to commit suicide or save the economy? We must save the economy but preserve our accomplishments as much as possible. This is why we are applying a policy of control, of regulations. This is why we are not selling the country, we are not opening indiscriminately to foreign capital. Workers want the economy to grow again, investments to come. Inevitably the price, at the moment, is the social differences, but this is so to preserve the workers' interests.

[Rodriguez] Do you think Cuba will return to the level of social equality of 1988-1989 or is the situation irreversible with different social classes?

[Alarcon] We can say we survived without having affected the basic elements of social equality, like free housing for everyone. The health system is free for everybody. All that will continue to exist.

[Rodriguez] But I ask again, do you think that those who work on their own and those who work for the government will some day be able to have the same standard of living?

[Alarcon] It is quite peculiar in Cuba. In other parts of Latin America self-employed workers are not acknowledged. Who lives better in Latin American countries? The self-employed?

[Rodriguez] That depends...

[Alarcon] Yes, that depends... But really, most of them are poor and they do not consider themselves privileged. Not in Cuba. On account of our peculiar situation, the self-employed are better off. This is why we are applying corrective measures like progressive taxes.

[Rodriguez] The Cuban Government allows 100-percent foreign investment. Does the law allow the simple sale of public companies?

[Alarcon] Theoretically, they could be sold, but it is not a political priority. But it can be done legally.

Commission Chairman on Bill To Regulate ANPP
PA1512173795 Havana Radio Rebelde Network
in Spanish 1800 GMT 14 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Ramon de la Cruz Ochoa, chairman of the Constitutional and Juridical Affairs Commission of the National Assembly of the People's Government, ANPP, said during an interview that the Parliament will analyze a bill to regulate the ANPP during a regular session on 26 December. He noted that this bill reflects the experience gained over the past years and was updated to make it conform with the resolutions adopted by the fourth party congress and the constitutional reforms. Gisela Bell Heredia filed this report:

[Bell] De la Cruz Ochoa added that the final draft was reached after nearly one year of work and discussions with deputies in every province on two occasions. This text will be presented to the national assembly plenum:

[Begin De la Cruz recording] Commission work was among the main aspects of the new regulation. As you know, commission work was strengthened in this new mandate.

[Bell] How did you structure or develop your work to arrive at this final draft, which will be presented during the upcoming 26 December session?

[De la Cruz] We appointed a small working commission that was in charge of proposing changes. The Constitutional and Juridical Affairs Commission discussed them on four occasions. As I said, they were discussed with all the country's deputies on two occasions. We also allowed all state organizations to participate, that is, the Council of Ministers, Council of State, and the provinces, so as to hear their opinions in this regard.

[Bell] In sum, could it be said that this new regulation of the national assembly, from a legal standpoint, improves conditions and facilitates assembly work?

[De la Cruz] That is our goal. In other words, it is an important step to perfect national assembly work. [end recording]

Ministers Speak at CDR Seminar for Coordinators
PA1512214995 Havana Tele Rebelde and Cuba Vision
Networks in Spanish 0100 GMT 14 Dec 95

[From the "NTV" newscast]

[FBIS Translated Text] Today, the Committees for the Defense of the Revolution [CDR] national seminar for coordinators continued, on its third day.

During the afternoon session, CDR cadres spoke with Cuban Foreign Minister Roberto Robaina about current issues, such as Cuban policy regarding the emigrant community and Fidel's visit to Asia.

Regarding Cuba's reality, Robaina pointed out that during 1995 the Cuban people showed the world that they speak with their own words and hold their heads up high and that is why 1996 will be a year of better relations.

Ricardo Alarcon, president of the National Assembly of the People's Government (ANPP), praised the CDR for the development of the grassroots government, which he defined as the vital nerve center of the ANPP.

Tomorrow the agenda includes the signing of an agreement between the State Committee for Finance and the CDR's national leadership which will implement new measures regarding the people's inspectors organization (movimiento de inspectores populares).

Finance Minister Reports Fiscal Deficit Reduction

PA1712233595 Havana PRENSA LATINA in Spanish
0724 GMT 16 Dec 95

[Article by Elsy Fors: "Fiscal Deficit Dropped From 5 Billion to 750 Million Pesos"]

[FBIS Translated Text] Havana, 16 Dec (PL) — Implementation of the 1995 national budget was better than expected and the year will close with a deficit of about 750 million pesos instead of the expected 1 billion, Manuel Millares, Cuban minister of finance and prices, has reported.

In an exclusive interview, which the CUBA INTERNACIONAL magazine will publish in its upcoming issue, Millares described the results as very satisfactory, and he noted that a reduction in subsidies to state enterprises that are registering losses contributed to this considerably.

"We had a deficit of about 5 billion pesos (same amount in dollars at the official exchange rate) and by 1994 we had already reduced the imbalance by 72 percent to close that year with a deficit of 1.421 billion pesos," Millares said.

The minister advanced these results that are contained in a report that he will present next week to the Council of Ministers and, with the approval of this executive branch of government, will present it later to the National Assembly of the People's Government, which is the Cuban Parliament, during its upcoming session on 26 and 27 December.

"The 1994 budget imbalance was 7.4 percent of the GDP and the 1995 budget imbalance, which was initially

expected to be 1 billion pesos and that is now estimated at between 750 and 800 million, is 3 percent of GDP," Millares noted.

This will, he added, allow us to plan even greater improvements next year, and the bill that we will present to the Council of Ministers for 1996 will show a deficit of about 580 million pesos, nearly 200 million pesos less than for the year that is drawing to an end."

The 1996 budget, he added, "will limit investments to sectors that have faster investment yields" such as tourism, biotechnology, and certain industries that offer fast returns on investment.

There are plans, based on an estimated industrial production growth, to increase funds for education by 4.4 percent, for public health by 7 percent, and for social security by about 3 percent compared to 1995.

The 1995 budget law earmarked 2.5417 billion pesos to finance education and public health.

The 1996 budget bill includes a considerable increase in resources for the housing sector. There are plans to build 50,000 new homes for which the government will spend 400 million pesos plus a significant amount to repair existing ones, Millares reported.

Trash collection and street cleaning, which are among the most critical public services, especially in the capital, will receive a 17.5 percent increase in 1996, the minister said.

He added that "there will also be an increase in social assistance to ease the effects of financial measures to streamline the economy in order to protect the most vulnerable segments of the population."

He clarified that this process will be carried out "in a very selective manner, because our goal is to gradually increase the value of the peso. Instead of increasing salaries, we want to ensure that each person can buy more with the same amount of money."

As for allocations to import food, the minister noted that this figure will not be lower than that spent in 1995. He added that "we will try to increase the amount and at least guarantee that the products arrive on time," but he alerted against nursing false expectations, because the process to overcome the period of economic difficulties will be gradual.

Millares denied the existence of two budgets, one based on dollars and the other on pesos as a result of the circulation of both currencies in the country. The budget in Cuban pesos reflects operations in national and in foreign currency.

He also said that use of an official peso-dollar exchange (currently at par) that is closer to the exchange that governs informal operations (exchange houses buy a dollar at 25 pesos and sell it at 30 pesos) is still far away.

As for a reduction in subsidies for enterprises that are registering losses, Millares pointed out that subsidies posed a of more than 3.4 billion pesos in 1994, but this figure should not exceed 1.8 billion at the close of this year, that is, a 45-percent reduction in comparison to 1994, when subsidies had already reduced by 40 percent in comparison to 1993.

"To a great extent this was brought about by the development of tourism and certain exports. We are promoting competition based on quality among companies, because we cannot demand that companies dealing with tourists, much less the tourists themselves, to consume Cuban products that fail to meet quality standards, timely delivery, and competitive prices," Millares added.

National Director on International Bank Presence

*PA1812203895 Havana Radio Havana Cuba
in Spanish 0000 GMT 12 Dec 95*

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Jose Manuel Sanchez Cruz, director of the National Bank of Cuba, said on 11 December in Havana that 11 important international banks installed banks in Cuba. In statements to Radio Havana Cuba, the official specified that of those institutions seven are European, two Latin American, one Canadian, and one Middle Eastern.

The license that the Cuban Government granted to these organizations to operate in the country bans them, in this initial phase, from carrying out direct operations. It is considered, however, that their participation in the economy is important for the process of economic opening that the island is promoting.

Radio Program on Self-Financing Militia Troops

*PA1512142695 Havana Radio Rebelde Network
in Spanish 1255 GMT 7 Dec 95*

[Report by correspondent Miosotis Fabelo in Camaguey; from the "Doing Radio" program]

[FBIS Translated Text] On 7 December, Camaguey's residents will be also marking the anniversary of the bronze titan, and honoring the internationalist soldiers who died while on duty.

Today the people pay homage to their heroes, and youths and combatant association's members are

ready to relieve the invasion troops that will arrive in Guaimaro on 9 December.

Speaking of patriotic and military topics, I will tell you that Camaguey's residents and workers have contributed over 1.9 million pesos so far in 1995, to self-finance the provincial militia troops, and the people's defense works. They have also stressed their commitment to collect 2.037 million pesos during 1995, to go beyond the initial goal. In 1996, Camaguey's residents will work harder to surpass this goal even further, and emphasis will be placed on voluntary work which provided over 220,000 pesos in 1995. It was reported that a large number of paid jobs are offered free of charge, and that there is economic control of the organizations which receive the benefits. The report indicated a balance between the money collected to self-finance the provincial militia troops and the people's defense works, even though there were more funds allocated to the maintenance of the (words indistinct), and peoples' readiness to confront a possible enemy aggression.

CTC Leader on Support Received in Europe, Asia

*PA1812193295 Havana Radio Havana Cuba
in Spanish 0000 GMT 12 Dec 95*

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Pedro Ross Leal, secretary general of the Cuban Workers Federation (CTC), stated that during his tour of several nations of Europe and Asia, he confirmed the support and solidarity for Cuba and its struggle to tackle current difficulties.

Ross Leal made a working tour to Vietnam, and later, by request of various labor unions, he traveled to Norway and Denmark, and in France he attended the 45th Congress of the General Confederation of Labor.

The Cuban union leader, through TRABAJADORES, gave thanks for the multiple expressions of affection received during this working tour. He recognized the progress achieved by the Vietnamese and announced the strengthening of work ties with Norwegian and Danish unions.

Union Announces Workshops for Teachers' Day 22 Dec

*PA1512142795 Havana Radio Rebelde Network
in Spanish 1255 GMT 7 Dec 95*

[From the "Doing Radio" program]

[FBIS Translated Text] Professional workshops for retired teachers and teachers of different generations will be held on teacher's day in Camaguey. The teachers' union reported that on this occasion there will

be an exchange between former brigade members and the Lazaro Alfredo Molina contingent, which is made up of teachers who work in rural areas.

In addition, the union assessment at people's council and provincial levels will be conducted on 22 December — teachers' day — when outstanding teachers will be honored. A workshop on professional ethics will also take place, and the teachers' union and other provincial organizations will pay homage to retired teachers.

Sugar Industry Minister Inspects Holguin Complex
PA1512142595 Havana Radio Rebelde Network in Spanish 1800 GMT 9 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Sugar Industry Minister Nelson Torres conducted an inspection visit to Holguin's Agro-Industrial Complex [CAI], during which he stressed that efficiency must be a priority to achieve the current sugarcane harvest's goals.

Torres and a team of specialists inspected Antonio Maceo and Cristino Naranjo CAI in Cacocum, first municipality to incorporate to the sugarcane harvest, which is also responsible for one fifth of Holguin's production. This becomes specially significant because the harvest will be decisive to Holguin residents who wish to win the honor of hosting next 26 July celebration.

Torres stated that, in view of the resources available and amid the current circumstances, it becomes essential to work close to the people, go to each place, find out what is happening, and assess the measures implemented to improve efficiency thoroughly — starting on the first day of the harvest.

[Begin Torres recording] We will break with past history of sloppiness, negligence, irresponsibility, and carelessness. Success depends on the workers. If there is something left to be done, it will be due to their negligence. [end recording]

Haiti

Further Reportage on Presidential Election

Polling Stations on Lack of Security

PA1812141195 Port-au-Prince Signal FM Radio in Creole 1340 GMT 17 Dec 95

[Monitored in progress]

[FBIS Translated Excerpt] [Announcer] ...this morning. He said that until now the people have been complaining about the security matter. Let us listen to Mobile Unit 11:

[Unidentified reporter] [words indistinct] I am in the Carrefour-Feuilles area, on Fouchard Avenue, where polling station members are complaining because their offices have been open since the beginning of the morning, but they do not have national policemen to ensure their security at a moment when they need security. Those people are looking for vehicles [as heard] so they can call the National Police Force.

Another problem they are facing is the lack of material. A polling station member who received two voters — only two people have voted — advises that they lack material, and they are not able to leave to go look for material. [passage omitted]

We are going to listen now to the president of a polling station who is telling us.... [pauses] Can you tell us how are the electoral operations were going when we arrived here at 0843?

[Unidentified polling station member] Well, we have been on the spot since 0500 am. We have set up everything. But we could not open the polling station at 0600 because we did not yet have the presence of Monitoring and Electoral Control Unit members (?who would allow) us to start working. So, we opened the station as late as 0630.

Since then, we have been open. Our problem now is that we do not see anybody to ensure our security. This is a bit hard. [passage omitted]

Aristide Votes, Makes Statement

PA1812141395 Port-au-Prince Radio Nationale in Creole 1409 GMT 17 Dec 95

[FBIS Translated Text] It is now 1009 in Radio Nationale. A few minutes ago, like all citizens in Haiti, President Jean-Bertrand Aristide went to fulfill his civic duty. There is a polling station in Tabarre where he went to vote. We are going to listen to the statement President Jean-Bertrand Aristide made after he voted in the 17 December elections.

[Begin Aristide recording, in progress] ...five years after the elections, people (?favorable to) the three years, have embraced in this union that makes strength so that we can show that [word indistinct] is the Haitian people, that power is each Haitian (?struggling) together under the light of the Constitution so as to become a big force, an avalanche. We hope and are convinced that everywhere in the country the people who are not around the table will stand with me around the table, so that we can show, with all other people who love Haiti, that we can turn it into a nice table with food on it, so that the people around it can find what is essential — beginning by justice — so that we can change our

country. Be courageous, remain steadfast, do not give up, do not give up! [end recording]

Report on Aristide Statement

PA1812135195 Port-au-Prince Signal FM Radio
in Creole 1400 GMT 17 Dec 95

[FBIS Translated Text] [Reporter, in progress] ...where President Aristide was registered to vote, fulfilling his civic duty as he did last summer during the legislative elections. The president said that the matter of a coup d'etat is over, that things like that should not happen in the country, and that he came to fulfill his civic duty. At the same time he invited all of those who have not yet voted this morning to come and vote in order to have a new president at the National Palace on 7 February 1996.

CEP President Holds News Conference

PA1812145095 Port-au-Prince Signal FM Radio
in Creole 1640 GMT 17 Dec 95

[News conference by Provisional Electoral Council President Pierre Michel Sajous with domestic correspondents; moderated by an unidentified official on 17 December at the Holiday Inn Hotel in Port-au-Prince — recorded]

[FBIS Translated Text] At 1645 GMT, we are receiving the president of the Provisional Electoral Council [CEP], Dr. Pierre Michel Sajous who gave a news conference a while ago. He said that everything was going normally, as planned.

[Begin recording] [Sajous] For the time being everything seems to be going normally. We have not identified any other particular problems. So [words indistinct] for the moment. Then, we are waiting for a few questions.

[Moderator] Wait for me, wait for me. We are going to take five questions. Port-de-Paix is on the line. We are going to take two questions from Port-de-Paix and then we will give the journalists the opportunity to ask three questions. We will first listen to Port-de-Paix that is going to speak now.

[Unidentified reporter from Port-de-Paix] The (?question the) news correspondent wants to ask the president of the CEP has to do with the problem in the Department of the Northwest, where people who have come to vote in the various polling stations are unable to find their names in the registers [words indistinct].

[Moderator] In fact, I have the impression that the president does not understand... [pauses] the communication is not clear. I would like to ask you to repeat the question.

[Reporter from Port-de-Paix] We are repeating the question quickly, there is only a problem of feedback. We have said that the problem that has come up in the Department of the Northwest is the fact that the voters do not find their names on the register when they go to the polling stations. What measures will the CEP president take through the Departmental Electoral Office [BED] in order to allow all those voters to have an opportunity to vote?

[Sajous] There is something [words indistinct] that people have not found their names on the electoral lists but they had registered at the polling stations. We just said it, those people must be allowed to vote and their names and their card number should be recorded on the report.

[Moderator] We are taking a second question from Port-de-Paix.

[Reporter from Port-de-Paix] Well, there is another problem in the northwest where in La Croix Saint Joseph, a rural section of Port-au-Prince where many people who want to vote cannot do so because on the list of voters for this area are listed instead the names of Jean-Rabel people whereas Jean-Rabel is very far from this area. What can the CEP do to allow the people of La Croix Saint- Joseph to go to vote today?

[Sajous] What we can do is that we will get in touch with the BED of the northwest from here to bring the problem to its attention and we suppose that before the closing of the polling stations it will have time to solve it.

[Venet] My name is Steve Venet. I work for Signal FM. Mr. Sajous, the journalists do not note throughout the country the presence of the members of the Monitoring and Electoral Control Unit. In your opinion, what problem can this cause to the electoral process today?

[Sajous] Well, I did not specifically speak of that because I did not want to give raise to controversy but — as you have talked about the question — I will point out to you that this morning I was in the streets, I was visiting some centers where a certain number of polling stations are located. I visited one where I saw seven polling stations. I visited another center where I saw eight stations and I have noted just like you — unfortunately — that those people who were supposed to come to settle the question of control in order to see how things are unfolding... [pauses] What I mean is that we did not see them. And we find that absence regrettable because once again, I am reminding you that the council was so strongly in favor of allowing this control that it has paid — it has clearly said that it will

pay — fees to the representatives of all candidates. [end recording]

This was the president of the CEP, Dr. Pierre Michel Sajous who held a news conference this morning at the information center of the CEP where he said that everything was going very well.

Gunshots Fired at Polling Station

*PA1812134895 Port-au-Prince Signal FM Radio
in Creole 1930 GMT 17 Dec 95*

[FBIS Translated Text] [Announcer Roosevelt Bien-Aime] Another incident to point out is that our reporter Albert Daniel, who is the area of Freres, Petion-Ville, just informed us that a serious incident apparently happened in Pernier, where an armed individual riding a motorcycle fired at a polling station. Several people have apparently been hit with bullets, according to Albert Daniel.

[Daniel] Thank you, studio. We just came from Fort National; we are in Pernier. We visited Merotte, where the people are timidly — really timidly — seen. In every polling station I visited, only five, six, or seven people have voted, according to what the presidents of the polling stations told us.

But we stopped by the area of Pernier, where an incident happened at about 1330, according to the inhabitants in the area. Another individual, who was riding a big motorcycle, fired at a polling station that was [words indistinct]. [passage omitted]

Unfortunately, a child who was shopping for his parents was hit in the foot by a bullet. For the time being, the child is being looked after at a hospital on the Freres Road, according to what the people told us. This is all the news we had for the listeners of Signal FM. We are in the Pernier area. We will give you further information on this incident. This was Albert Daniel for Signal FM.

[Bien-Aime] Albert, you say that a child has been injured during the incident? No one else in the polling station has been touched by bullets?

[Daniel] Yes, exactly, Roosevelt, as we told you, only a door to the building where the polling station was established was pierced by a bullet, but there was nobody inside. When we entered the office to look for further information, to ask how things were, (we learned that) nobody there was harmed except for the door, which has a big hole pierced by the bullet. The man on the motorcycle fired several shots at this office, but (only) a child passing by was hit by a bullet in the left leg. As I told you one moment ago, this child is being looked after at a hospital on the Freres road.

[Bien-Aime] Is this child a boy or a girl?

[Daniel] [words indistinct] eight or nine years old, for example.

[Bien-Aime] Thank you very much, Daniel. This is how the situation is. This is a new incident that has just been recorded in the Pernier area where, as Albert Daniel just said, a man riding a motorcycle fired at a polling station, and we heard that there was an eight or nine year old child who has been injured.

UN Mission Spokesman on Elections

*PA1812134495 Port-au-Prince Radio Metropole
in French 2145 GMT 17 Dec 95*

[Statement by UN Mission in Haiti spokesman Eric Falt in Port-au-Prince on 17 December — live]

[FBIS Translated Text] [Falt] The polling stations will be closed in 90 minutes. The ballot continues unfolding under good security conditions. In accordance with its commitments, UNMIH [UN Mission in Haiti] is present beside the Haitian policemen to guarantee as much as possible the safety of the process. Even if it is not possible to put a policeman behind each voter or permanently in each of the 10,000 polling stations, the security plan set up by the Haitian police seems to have the expected results. No matter whether it was in Port-au-Prince, Cap-Haitien, or Gonaives, no report on serious incident has reached us. I believe that in fact what has reached us most are rumors of incidents that are relayed sometimes by the population and often by the press. I apologize if I need to remind you of that. For example, less than an hour ago, a media in the capital reported that electoral material had been stolen in Delmas. That was not the case. Allow me to remind you that the Provisional Electoral Council [CEP] is the only authority centralizing all information regarding irregularities. They can confirm whether such irregularities had taken place. But I strongly invite you to verify these pieces of information before broadcasting them.

Once again, excuse me for reminding you of that, but it is important in the context of a country like Haiti. It is not by listening, for instance, to the frequencies of the police — when one is going to give an information — that this information is necessarily true. What we have noted all the day long is that, on the contrary, in accordance with the calls of the president of the Republic, Jean-Bertrand Aristide, the voting operations unfolded in calm and absolutely no confrontation opposed the partisans of one candidate to the partisans of another candidate. This situation is outstanding because it contrasts strongly with what was experienced in Haiti in

the past. No matter whether it was in 1987 or 1990, the electoral operations were always marked by numerous violent incidents. We have noted with pleasure today — even if the polling stations are not yet closed, even if the operation of counting the votes will last several days during which it will be necessary to remain watchful — we are about to take a new peaceful step in the process of electing a new president. The campaign was calm. So far, the ballot was calm. There is no reason for the counting the votes to be different. We think that a step has been taken.

(Let me give you) perhaps some explanations on the incident that happened this morning in Petit-Goave. Two soldiers of our U.S. contingent were aboard the vehicle that was shot at by some strangers [as heard]. They were not reached by the shots but the vehicle was hit and a tire blew up. The person or the persons, who shot at the vehicle, apparently shot as well at random at several houses and buildings [words indistinct].

Calm Voting Reported in Cite Soleil

PA1812225195 Port-au-Prince Signal FM Radio
in French 1130 GMT 18 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Text] The Cite Soleil area, which, for a time, had been as a true powder keg, experienced a very calm day on the occasion of the 17 December presidential elections. With the help of the UN Mission in Haiti (UNMIH), national policemen ensured security. Nevertheless, certain polling station officials were complaining because they had not been visited by police patrols. In the over 15 polling stations scattered throughout the area, the voters — who were average in number — fulfilled their civic duty without incident. Several dozen voters registered in Soleil 17 had problems finding the polling stations to which their electoral cards correspond. In most cases, this situation was due to a last-minute transfer of some polling stations to other locations, including the public high school of Cite Soleil.

Turnout Rate 'About 15 Percent'

PA1812232895 Port-au-Prince Signal FM Radio
in French 1130 GMT 18 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Excerpt] The Haitian presidential election for the successor of President Jean-Bertrand Aristide took place amid calm yesterday, but with a very low voter turnout rate, which demonstrates the people's obvious abstention during this consultation. The OAS observers mission has labeled the turnout rate as very low.

According to a UN source that would like to remain anonymous, the turnout rate is about 15 percent. The Haitian voters' abstention followed a dull campaign that took place during the country's serious economic crisis. The boycott of most of the voting public and the fact that Jean-Bertrand Aristide did not seek reelection, as his supporters had wanted, also explain this low voter turnout. Supporters of the president wanted Aristide, the outgoing president, to extend his term by three years.

Despite everything, the lack of violence and the calm that prevailed during the voting constitute a success for the U.S. Administration. Aristide's successor is crucial to the credibility of its foreign policy. The White House, which devoted much attention to the election, viewed with apprehension a possible three-year extension of the presidential term, which would have torpedoed a possible democratic transfer of power it considers the crowning achievement of its intervention in Haiti. [passage omitted]

Even though unidentified individuals early yesterday fired shots at both a UN vehicle transporting two U.S. soldiers and several houses in Petit-Goave—those incidents caused no injuries—no noteworthy act of violence marred the day.

An hour and a half before the election concluded, an AFP photographer witnessed the arrest by police in the northern sector leading away from Port-au-Prince of two of four young men who had fired shots into the air hoping to spark panic among residents of the area. Port-au-Prince.... [pauses] The main cities in the province were passed through by the motorized patrols of the 508.... [pauses] 6,800 soldiers of the United Nations, including 2,400 Americans who were supporting 4,900 national policemen and 400 international policemen deployed in the country.

A total of 3.6 million Haitians, according to the Provisional Electoral Council, the impartiality of which is being contested by many who abstained, were invited to participate in choosing the successor of Jean-Bertrand Aristide, the outgoing head of state, among the 14 candidates who were running.

It is being noted that the turnout rate is low. The OAS observers mission has assessed the turnout rate at about 15 percent.

Electoral Council Head on Turnout

PA1912001195 Port-au-Prince Signal FM Radio
in French 1130 GMT 18 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Text] A few hours after the polling stations closed, the president of the Provisional Electoral

Council [CEP] was careful not to disclose figures on the voter turnout rate. Pierre Michel Sajous said he is unable to disclose information about the turnout rate for this election.

Responding to numerous questions from journalists who have reported a low turnout rate, the president of the electoral authority said it is a matter of concern to the candidates to spur the voters to go to the polling stations. The CEP president said a low turnout rate can challenge in no way the legitimacy of the winner of the elections. Pierre Michel Sajous made these remarks: The turnout rate in the legislative elections of 25 June was 31 percent, not 50 percent as announced at that time. CEP President Sajous does not consider the absence of the political parties from the race as a reason for the low turnout rate of the electorate in these elections:

[Begin Sajous recording, in Creole] The council is noting that its role is not to spur voters to go to the polling stations; this matter is something that concerns first the competitors; that is, the candidates. The primary role of the council is to organize elections, to establish security and conditions for the honesty and openness of the process. Its main role is not to manage participation in the elections. Even though the council exerts all the efforts it has to exert, if the voter, the one who will decide, has decided to behave the way he or she so pleases, the only thing the council can do is to formally record that. When you speak of the legitimacy of the elections, however, I am sorry about that point because people are used to turnout rates of 30-35 percent. [end recording]

Front Spokesman on Future President

PA1912003195 Port-au-Prince Signal FM Radio
in French 1130 GMT 18 Dec 95

[From the "Waking Up" newscast]

[FBIS Translated Text] The National Front for Change and Democracy [FNCD] doubts the legitimacy of the future president, given the circumstances of the 17 December election.

According to one of the spokesmen for the FNCD, the subsequent president of the 17 December election will have no legitimacy. He will be unable to consolidate democracy or to work on improving the circumstances of the people, Evans Paul has said. According to Paul, the message was clear: The Haitian people have actually rejected the presidential election of December 1995:

[Begin Paul recording, in Creole] I believe everybody should perceive this message about the presidential elections; that is, that these elections are not credible. Thus, the president who will emerge from the people

will have no legitimacy, and if he has no legitimacy, he will be unable to consolidate democracy in Haiti, unable to work on improving the situation and living conditions of those experiencing hunger and unemployment. As for us, we believe a vain effort has been made today, because the Haitian people did not participate in it. [end recording]

Preval Leads by 'Wide Margin'

PA1912001395 Port-au-Prince Radio Metropole
in French 1900 GMT 18 Dec 95

[FBIS Translated Text] Rene Preval, the lavalas candidate, leads by a wide margin according to the first partial results, said to a source close to the OAS electoral observation mission. Well-informed diplomatic sources indicated that Mr. Preval allegedly obtained 80 percent of the valid votes, according to an estimation based on the first partial results. According to the same source, Mr. Preval very widely got ahead of independent candidate Leon Jeune, who obtained 3.5 percent of the votes and his socialist adversary Victor Benoit who allegedly obtained 2.5 percent of the votes.

The White House said on Monday that it already considers Rene Preval the winner of the Haitian presidential election and finds the fact that this election unfolded calmly, encouraging. Asserting that Mr. Preval won the great majority of the votes, White House spokesman Michael McCurry said that it is clear that Mr. Preval enjoys a substantial support and that lavalas remains the most important political force in Haiti.

It should be pointed out that (Brian Atwood), the head of the presidential delegation of U.S. observers, said this Monday that the Haitians were able to vote freely and without intimidation on the occasion of the first ballot of the presidential elections in Haiti.

Lavalas Head on Election

PA1912004795 Port-au-Prince Radio Metropole
in French 2000 GMT 18 Dec 95

[FBIS Translated Text] The political officials are commenting on yesterday's presidential election: Yesterday's election is a victory for democracy. It establishes the alternation of power. This is a statement by Marc Bazin, president of the Movement for the Establishment of Democracy in Haiti.

According to Gerard Pierre-Charles of the Lavalas Political Organization, the 17 December vote marks the passage from a totalitarian government to a democratic government.

The former mayor of Port-au-Prince, former political ally of President Aristide, has pointed out at least two big irregularities during the voting day. Evans Paul says the next government will be faced with numerous difficulties.

Salinas Denies Statement, 'Phony' Letter*PA1512231195 Mexico City XEW Television Network
in Spanish 0400 GMT 14 Dec 95**[From the "24 Hours" newscast]*

[FBIS Translated Text] The Mexican media received tonight a fax with the letterhead of former Mexican President Carlos Salinas de Gortari, addressed to the general public, and dated 13 December 1995.

Former President Salinas indicates that a statement and a letter allegedly signed by him that are entirely false are being circulated. He adds that it is necessary to put an end to the rumors that seek to harm our country, and that this is a time to support the efforts and work done by President Ernesto Zedillo Ponce de Leon for the benefit of Mexico.

Signed: Yours, Carlos Salinas de Gortari.

In this letter, Carlos Salinas de Gortari refers to an allegedly phony letter, which was broadcast by a station in Miami. According to this phony letter, Salinas was revealing the names of prominent Mexican citizens linked to drug trafficking.

What is peculiar about this is that for the second time in only three days, the U.S. media has been spreading lies linked to Salinas de Gortari and Mexico, and all of these lies have had a tremendous repercussion in several of the local media. This seems to be too much of a coincidence.

PRI President Lashes Out Against U.S. Accusations*PA1812025295 Mexico City LA JORNADA
in Spanish 13 Dec 95 p 1**[By Jose Urena]*

[FBIS Translated Text] PRI [Institutional Revolutionary Party] leader Santiago Onate Laborde said yesterday that the accusations which link Carlos Salinas de Gortari with drug trafficking are designed to interfere, and are made "without submitting any corresponding evidence" and demand "the strictest, most scrupulous verification."

The PRI president said that, as the nation's second in command near the end of the previous six-years term, he never was aware of those kinds of actions, and he lashed out against the accusations made from the United States against Mexicans and the fact that there are never any remarks regarding U.S. drug traffickers, as if there were no drug traffickers in that country.

Moreover, Nicaraguan Tomas Borge describe himself as an enemy of neoliberalism, but a friend of Salinas de Gortari: "When he was president, I shook his hand.

Now that he is no longer president, I shake his hand with much more reason. I will remain loyal..."

The two men were interviewed after Onate Laborde formally assumed the presidency of the Permanent Conference of Latin American Political Parties [COPPAL] — replacing Maria de los Angeles Moreno — an organization which he believes has contributed to strengthening civil institutionality in the region.

In his speech Onate Laborde warned against the dangerous recurrence of the lure of authoritarianism, antipolitical sentiments, misconstrual of the value and permanence of ideologies, and renunciation of a democratic discussion of national projects."

Onate Laborde said: "The intent to sacrifice sovereignty in favor of global issues — such as trade or issues derived from that pernicious, criminal act of drug trafficking — makes inevitable a common deliberation by political parties in regards to the close, circumstantial ties between democracy and sovereignty; between sovereignty and self-determination; and, above all, between development and justice."

Afterward, the PRI president made it clear that in his capacity as PRI president, not as the leader of COPPAL, he would comment on the investigation which U.S. officials are allegedly conducting to determine if former President Salinas de Gortari had any contact with drug traffickers, or if his fortune, or part of his fortune, came from these activities:

"That kind of information demands the strictest and most scrupulous verification. Other Latin American countries have undergone similar experiences, which have similar ends and some actions of an interventionist nature.

"We will not recognize any action that does not adhere strictly to the law. Currently, we consider it for what it is: information which a news agency is disseminating without providing the necessary proof regarding the same."

Did you, as a member of Salinas de Gortari cabinet, have any knowledge of the telephone calls which are mentioned, or contacts with drug traffickers, or any other kind of call which could be irregular or illegal?

"As far as I am concerned, none whatsoever. Moreover, I had no knowledge of these kinds of acts," Onate Laborde replied.

Meanwhile, Borge called for a news conference to confirm that Mexican newspaper misconstrued "my words completely. I ignore — I, a reporter; a media director who knows the meaning of integrity and ethics — the reason why they distorted what I said yesterday."

Borge insisted that he referred to neoliberalism, not Carlos Salinas de Gortari: "I spoke against neoliberalism because I am an enemy of neoliberalism, as I will demonstrate in the book I wrote about Salinas."

Neither did he say that Salinas suffered from catalepsy. Salinas de Gortari promoted COPPAL with Donaldo Colosio, Borge said defending the former president.

IMF Approves \$1.6 Billion Loan for Standby Credit

PA1612221495 Mexico City NOTIMEX in Spanish
0413 GMT 16 Dec 95

[FBIS Translated Text] Mexico City, 15 Dec (NOTIMEX) — The Finance and Public Credit Secretariat reported today that the IMF approved a \$1.635 billion loan to Mexico as part of a standby credit granted in February.

In a communique, the secretariat pointed out that this amount will be added to the international reserves of the central Bank of Mexico on 20 December.

This loan is part of a \$100 million standby credit that the IMF approved in February of which Mexico has received about \$11.48 billion, the communique added. [figures as received]

The standby credit was included in a \$50 billion aid package promoted by U.S. President William Clinton in January to support Mexico's efforts to overcome the financial crisis unleashed in December 1994. The Finance Secretariat said that the IMF Executive Board examined the results that Mexico obtained throughout the year and today it voiced its support to the 1996 economic program.

The Mexican economic budget for next year forecasts a growth rate of at least 3 percent, an inflation rate of approximately 20 percent, and balanced public finances.

The multilateral organization pointed out that, this year, Mexico has achieved a significant improvement in correcting the basic imbalances that unleashed the economic crisis.

Mexico recorded a minor surplus in the fiscal accounts and kept the monetary aggregates within the expected goals, the IMF stressed, as cited by the Finance Secretariat.

The IMF underscored that the 1996 plan is striving to achieve an economic reactivation and to reduce the inflation rate based on efforts to keep a sound discipline shown in monetary restrictions and on the achievement a fiscal balance.

At the same time, the structural reforms will be stepped up, including the recently approved social security

system change, the IMF added, according to the Finance Secretariat communique.

IMF Approves Economic Adjustment Plan

PA1712025995 Mexico City EL FINANCIERO
in Spanish 15 Dec 95 p 5

[FBIS Translated Text] On 15 December, the IMF's executive directorate will approve Mexico's economic adjustment plan without a hitch, and so, Mexico will have access to the second installment of the loan aid totaling more than \$6 billion, from a total aid package granted last March of \$17.8 billion.

IMF sources in Washington, interviewed by EL FINANCIERO, have ensured that the executive directorate's decision represents a vote of confidence for Mexico and its economic policies, following the devastating crisis that almost led the country to the brink of default on its foreign debt.

Sources from the Finance and Public Credit Secretariat [SHCP], in turn, have indicated that the IMF will continue to appraise the goals of the economic adjustment program in order to have access to installments totaling as much as \$1.730 billion until August 1996.

The SHCP explained that an IMF mission visited Mexico three weeks ago in order to gather the necessary information on the progress being made on the economic emergency plan and the results were handed over to the executive directorate, which will announce its favorable decision on 15 December.

Although the SHCP has stated that additional foreign aid may not be required to face the financial crisis, it emphasized "the convenience of counting on that margin of maneuverability."

Mexico has passed all of the IMF's tests, including the set goals on the international reserves matter, which triggered apprehension among some members of that worldwide financial organization during the first evaluation conducted in June.

The visiting IMF mission, comprised by three experts on Mexican economic and financial matters, gathered information from the revenues and expenditures under secretariats, as well as the SHCP's Public Credit Directorate and the Bank of Mexico [Banxico].

According to IMF sources in Washington, Mexico will have access, from here until August 1996, to more than \$6 billion in installments of \$1.730 billion until the total amount of \$17.8 billion is disbursed.

An IMF spokesman ensured that if Mexico continues to follow prudent financial policies and structural reforms,

economic growth should be reestablished in 1996 and inflation should come down to international levels.

The official explained that, according to the report delivered to the executive directorate, Mexico's trade standing has improved dramatically since the implementation of its economic program, although the peso continues to fluctuate.

The study on Mexico delivered to the IMF highlights the growth in Banxico's international reserves and the budget surplus that has exceeded all expectations.

As may be recalled, the IMF on 30 June approved new terms on the \$17.8 billion loan to Mexico.

The rest of the loan then totaled some \$10.7 billion, of which \$4 billion were accessed by Mexico between August and November.

Pending disbursements are close to \$4.416 billion in special drawing rights, which are worth over \$6 billion if exchange rate variances are taken into account.

It was made clear in Washington that there will be support for Mexico as long as it adjusts to the IMF's reform plan, and appraisals will be conducted periodically in order to gauge any progress in Mexico's recovery and the fulfillment of the objectives outlined in its economic, financial, and monetary policy.

Mexico will thus continue to be under the IMF's watchful eye. One must not forget that on 4 October the IMF rendered a report on world economic perspectives for 1996, and it devoted a special chapter to Mexico.

Mexico was, likewise, the primary topic of conversation during the IMF's annual governors meeting that was held from 4 to 12 October in Washington.

Transportation Leader: Sector Not Competitive

PA1912001095 Mexico City NOTIMEX in Spanish
2120 gmt 18 Dec 95

[FBIS Translated Text] Mexico City, 18 Dec (NOTIMEX) — Bernardo Lijtszain, president of the National Chamber of Cargo Transportation [Camara Nacional de Autotransporte de Carga], said today that 95

percent of Mexico's cargo transportation enterprises are not competitive enough to participate in NAFTA.

Lijtszain said that in Mexico, approximately 4,500 enterprises dedicated to this activity are not suited to venture forth in the Canadian and U.S. markets.

Lijtszain disagreed that Mexico's cargo transportation industry could become competitive in the international level in the immediate or near future because "the country's conditions are not as encouraging as one would like." He said that the sector has an overdue debt of almost 25 billion new pesos (approximately \$3.205 billion) and for this reason it has asked the Banking Association of Mexico for a one-year grace period to make payments on interests and capital. Lijtszain cautioned that otherwise, "the sector will have to declare a payment suspension and this would have a negative impact on the situation of the country's financial institutions."

Lijtszain insisted that the 4,500 enterprises (having 150,000 trucks and men) that operate throughout the country could disappear. He reported that 500 enterprises (30,000 men and trucks) have already ceased operations, with the ensuing loss of at least 200,000 jobs. He noted that although this sector had a 50 percent contraction in 1995, in 1996 it could register a slight growth that would help the sector pay financial debts and allow it to begin to venture forth abroad.

Lijtszain asked that the trade agreement's transportation rules be expounded to prevent illegal practices that would significantly affect Mexican enterprises.

Trans-border transportation rules should have gone into effect today, Monday, but the United States suspended granting final approval on permits for Mexican truckers wanting to deliver goods to or pick goods up from U.S. border states.

U.S. Secretary of Transportation Federico Pena said that final approval of the permits will depend on the outcome of consultations he will begin this week with his Mexican counterpart, Carlos Ruiz Sacristan.

Nicaragua

Staffers: Comptroller's Office Funds Used Up

PA1612004195 *Managua BARRICADA in Spanish*
12 Dec 95 p 4B

[FBIS Translated Text] According to reports by Comptroller General's Office staffers, this office is facing a large financial and administrative crisis as the administration of Carlos Arturo Harding has used up this year's budget funds and lacks the resources to pay the December payroll.

The sources said that the former comptroller general, who remains in the post due to his own interpretation of the Political Constitution, requested an urgent loan from the People's Credit Bank [BCP] to be able to pay the December salaries. His replacement will pay back these funds with the 1996 allotments.

The financing requested from the BCP amounts to 500,000 cordobas, even though the Finance Ministry injected approximately 1 million cordobas to the Comptroller General's Office this year to cover the overdrafts it had accumulated.

The 1994 budget allocated 12 million cordobas to the Comptroller General's Office; 18.5 million were allocated in 1995, 15 million of which were earmarked to pay fixed expenses and the rest, to invest in a new building.

According to the sources, the financial problems started when Harding, who appointed Norman Perez Bonilla as director, came. Harding later dismissed Perez and appointed Gustavo Madriz, who resigned allegedly because he refused to do a number of things that the comptroller general had requested and that he did not like.

The sources explained that Madriz's resignation is partly the result of disagreements with the Media Directorate, as it allocated money that had to be accounted for to pay certain reporters. The former comptroller general failed to account for and to demand others to account for these funds.

The sources reported, however, that Harding is determined to change the higher state controlling organization into an institution that would protect the current government, because he appointed the son of former minister Antonio Lacayo's personal secretary, Oscar Davila Delgado, as financial director.

A Police State?

According to Comptroller General's Office employees, since the National Assembly refused to support Harding to keep him as the comptroller general, he created a

police system by organizing internal espionage bodies, which are headed by his staunch allies, Jose Santos Mendoza, Modesto Palacios, Ricardo Mendoza, and Mario Melendez.

The sources added that in order to correspond with all of the appointments he made, he ordered his legal aides, Enrique Pena Hernandez and Jose Brenes, to draft a letter of support in an effort to have all of the staff sign it. This assignment was transferred to other lawyers, Ivania Urcuyo, Maria Luisa Gutierrez, and Hector Reyes.

The threat to make the employees sign the letter supporting the former comptroller general consists of making a list, including the names of those who signed it, and placing it at the main gate on 2 January 1996. Those whose names are not listed will not be able to enter the building, thus losing their jobs.

In the opinion of the sources, the people with whom Harding has surrounded himself allow and conceal the mismanagement of the institution's resources, mismanagement such as the destruction of the only minivan the Comptroller General's Office had in an accident involving the driver and a policeman, who were driving the minivan under the influence during nonworking hours.

Reports on, Reaction to Managua Student Protests

PA1512154495

[FBIS Editorial Report] The following is a compilation of media reports on reactions to the student protests staged in Managua on 12 and 13 December.

Managua BARRICADA in Spanish on 14 December on page 3 carries a 350-word report saying that former Nicaraguan President Daniel Ortega regretted the bloody incidents that took place near the National Assembly when riot police confronted the university students that were demanding the government allocate 6 percent of the national budget to universities, as the Constitution stipulates. The report goes on to quote Ortega: "It is painful to see that negotiation, only after unfortunate incidents leaving people beaten, wounded, and dead, continues to be a norm for this government." He also said: "The Sandinist National Liberation Front has stated the need to prioritize talks and negotiations according to our people's demands and, particularly, in view of the demands of the university community, which are doing nothing more than demanding the validity of the law that this government proclaims so often."

The same issue of BARRICADA on page 3 carries a 175-word editorial entitled "Shame and Indignation."

The editorial reads: "Once more, the Chamorro government has stained its hand with blood. Shame and indignation run through the fatherland's body. BARRICADA condemns this barbaric act and demands punishment for those responsible." The editorial concludes as follows: "The arrogance and incompetence of the Chamorro government once again has harvested a bitter fruit: the people's contempt."

Another 250-word BARRICADA report on page 4 from the same issue states that Vilma Nunez de Escorcia, Nicaraguan Human Rights Center president, referred to the brutal repression to which university students were subjected saying: "This case will be forwarded to the Inter-American Justice Court." She added: "The Police acted irrationally and illegally. It was not a pitched battle; the students were staging a peaceful march demanding their rights, and the police attacked them."

An 800-word report on page 8 of the aforementioned BARRICADA issue reads as follows: "While students and National Police confronted each other on unequal terms in front of the National Assembly, its vice president, Reynaldo Antonio Tefel, interrupted Sandinist Deputy Nathan Sevilla Gomez, to request the forming of a mediation commission to prevent further bloodshed." The report goes on to read: "Sevilla decried the fact that the Board of Directors of the National Assembly not only remained indifferent to the violent incidents that left one person dead and tens of others wounded, but they also fled amid the bullets and repression that were unleashed against the university students." Further on, the report quotes Deputy Dora Maria Tellez: "Our role is not to mediate; we can do nothing. The Commission is keeping its position on the 6 percent issue."

Managua EL NUEVO DIARIO in Spanish on 14 December on pages 1 and 12 carries a 450-word report stating that Dora Tellez, Sandinist Renewal Movement, MRS, bloc chief, yesterday demanded an investigation to determine if the National Police fired on the students first, and, if this was the case, Police Chief Fernando Caldera and Minister Sergio Narvaez would have to resign. The report also states that the MRS on 13 December issued a communique voicing its strong condemnation of the government's repressive actions against the students who were demanding compliance with a legitimate constitutional right.

Managua LA PRENSA in Spanish on 13 December on page 1 runs a 300-word editorial entitled "Youths: Behave as University Students! It reads: "Whether the 6 percent budget demand has grounds or not, we have to deplore the environment created by the protests that are currently taking place. We do not know under

what circumstances bullying and vulgarity have led to such a form of expression supposedly coming from the most educated people in the country." It then adds: "It seems that the student groups, which everywhere else protest show appropriate civic behavior typical of their intellectual level, have been influenced by people who have other interests." The editorial concludes with a recommendation: "Responsible university leaders must wake up and be aware that people expect a good behavior from them, not obscenities and attacks on citizens. They must separate themselves from those who have always taken advantage of their cause to pursue their own interests, because the welfare and progress of universities are not their main objectives."

Panama

Commerce Minister Demands 'Access' to U.S. Markets

PA1512194195 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Dec 95

[Report by Alexander Calderon; from the "RPC Television News" newscast]

[FBIS Translated Text] Panama will reportedly negotiate a free trade agreement with the United States next year.

According to the minister of commerce and industries, the conversations for the negotiation of a free trade agreement with the United States have advanced a great deal and authorities expect to conclude the preparation of a conversations agenda in this regard next January.

[Begin Commerce and Industries Minister Nitizia de Villarreal recording] Every small and big country can find conditions to work, and that is what we are trying to seek with the United States. We want access to U.S. markets. In addition, we want to allow U.S. companies to come to Panama and establish themselves here, as well as use our labor. [end recording]

U.S. sources have said a bilateral agreement with Panama would be an alternative to Panama's inclusion into the NAFTA, particularly after the bad experience of Mexico.

Meanwhile, Minister De Villarreal stated the progress made by Panama in different economic areas has been observed in the United States, adding that aspects of mutual interests have already been analyzed.

[Begin De Villarreal recording, in progress] ...mainly the issue of industrial property rights, the issue of an antimonopoly law in our country, and also — among other things — the U.S. position in the face of the

banana situation. We have confirmed the United States maintains its decision to seek in the EC a better system for the export of Latin American bananas. [end recording]

Meanwhile, the minister affirmed there are better perspectives for the conversations that will be held with Costa Rica this Friday, prior to Panama's entry into the WTO.

[Begin recording] [De Villarreal] In Costa Rica, we will try to define what, according to Panama, continues to constitute the exceptions we want to maintain, such as the case of milk. However, we have some specific proposals we will make to Costa Ricans regarding the issue of milk in this upcoming meeting.

[Unidentified reporter] What are those proposals?

[De Villarreal] These are negotiation proposals. [end recording]

The minister stressed this will possibly be the last meeting held with Costa Rica, to later begin conversations with New Zealand, country with which there are also differences regarding the marketing of dairy products.

Officials View 'Excellent' Ties With U.S., Bases Issue

PA1812182695 Panama City EL PANAMA AMERICA
in Spanish 18 Dec 95 p 12A

[Report by Henry Raymont]

[FBIS Translated Text] Neither Panama nor the United States wants the debate on the future of the bases in the former Canal Zone to tarnish the solid relations which both countries have assiduously maintained and which currently are described by their spokesmen as "excellent."

That feeling permeates the highest levels of both governments even after Panama's decision to postpone the "exploratory talks" agreed upon only two months ago by Presidents Ernesto Perez Balladares and Bill Clinton on whether or not it is advisable to establish negotiations to maintain some bases.

"I can describe relations between these two countries as excellent," Panamanian Foreign Minister Gabriel Lewis Galindo said in an exclusive interview granted to EL PANAMA AMERICA. "I believe Panama and the United States are moving in the direction of maintaining relations of real partners in the coming 21st century."

U.S. Embassy officials in Panama expressed similar feelings. In talks with them, it seemed the Christmas spirit has taken hold of objective diplomatic and political analysis.

"The essential question for each of our countries is whether the permanence of the bases serves the interests of the two countries," Michael Skol, deputy assistant secretary of state for inter-American affairs, has said. "The corollary to the question is a political version of the doctors' Hippocratic oath: not to harm the patient. In other words, would formal negotiations serve to improve or to deteriorate our relations?"

The possibility of an eventual negotiation on the permanence of some bases was encouraged last week by the presence in Panama of General John Shalikashvili, chairman of the U.S. Joint Chiefs of Staff. He said after a meeting with President Ernesto Perez Balladares that he hopes the exploratory talks would be held "as soon as possible," although he stressed that this decision was up to the two governments and that the possibility still exists that they will decide not to hold them.

"The relations between our countries cannot continue to be focused only on the bases, no matter how important," a high-ranking official stressed in Washington. "Between the United States and Panama there is a unique relation forged by history."

Foreign Minister Lewis Galindo echoed this view: "For several decades I have lived through the relations between the United States and Panama close at hand, at their low and high points, and I think it would be hard to find a moment in which they have been as good as they are today. The government of Ernesto Perez Balladares and the administration of President Clinton have been able to establish channels of communication at the highest levels which facilitate this type of relation. [no end quotation mark as published]

He added that "the era when there were ideological confrontations in the world belongs to the past. We have to see the future with optimism and there is nothing better than to have allies like the United States."

The problem of the bases, he added, "is secondary to all that we are jointly developing with the United States." "If the bases were of eminent need for the security of Panama or of our ally, the United States, I would say that the topic would not even have to be discussed. But the issue is not of vital importance for either the United States or Panama."

The foreign minister was interviewed at his home, shortly after doctors ordered him to reduce the pace of his work in the next two months because he is being treated for a pulmonary ailment.

The foreign minister mentioned the following personalities as the lead players in the establishment of this phase of the relations: William J. Hughes, new U.S. ambassador and veteran U.S. congressman, Deputy Secretary

of Defense Joseph Ridder, General Barry McCaffrey, Panamanian Ambassador Ricardo Alberto Arias.

"All the personalities I mentioned are key players in the development of the relations Perez Balladares wants to have with the United States and have been one of the reasons why this phase has really worked," he stated. "There is great coordination among all of us with regard to problems of mutual interest. We also have the support of great legislative blocs, both Republicans and Democrats who at all times view with favor the Panamanian position of maintaining the traditional links with the United States, which as I said, are excellent today."

President on Taiwanese Investment, U.S. Stance on Canal

PA1812002295 Panama City TVN Television Network in Spanish 1158 GMT 14 Dec 95

[Report on "impromptu" news conference by President Ernesto Perez Balladares with unidentified Panamanian and Taiwanese reporters by TVN Television Network News Director Luz Maria Noli; place and date not given; passages within quotation marks recorded — broadcast in progress]

[FBIS Translated Excerpt] [Noli] ...at the end of the ceremony, the president of the republic talked with Panamanian and Taiwanese reporters on the significance of this inaugural flight [in reference to the inaugural flight to Panama by Taiwanese airline EVA Air].

[Perez Balladares] "I believe that it is very significant for Panama, as well as for Taiwan, to broaden our relations, to facilitate the trade between our countries, and to lure the investments that are very essential for Panama and that could be as [words indistinct].

[Reporter] "You were recently in Taiwan and invited President Li to visit Panama. You know that there will be elections in March there. Regardless of who is elected, would you again invite him to visit Panama?"

[Perez Balladares] "Certainly. I know that President Li will win.

[Reporter] "Let us hope so. On another subject, besides Evergreen, what other major Taiwanese companies have already started making investments in Panama?"

[Perez Balladares] "Well, we have a large number of investors who are just arriving to inspect the areas of Fort Espinar and Fort Davis, which recently reverted to Panama. We have an agreement and a commitment to open a major exporting zone there. We hope that more than 200 Taiwanese companies will relocate in Panama

as their door to the American and Latin American markets."

[Noli] At an impromptu news conference, the Panamanian president also talked about the meeting with the chairman of the U.S. Joint Chiefs of Staff, General John Shalishkashvili.

[Perez Balladares, in progress] "...continues to be the best alternative we could have at this time in order to postpone it [not further identified] until reaching a consensus, especially by the U.S. Government, which will allow us, Panamanians, to make the effort we are making to consult the various political groups, the various civilian society groups that are interested in participate, give their opinions, and voice their criteria on these issue. The other significant issue we broached was the beginning of what had been our petition, to which the Southern Command agreed — namely, the construction of the Chiriqui Grande-Almirante road. This is very good news for all Bocas the Toro and Panamanian residents, as we will be able take the initial step to have this province join the rest of the Republic. These are basically the two issues we discussed with...

[Reporter, interrupting] "Mr. President, is it true the finance minister was nominated to occupy the post of Panama Canal administrator?"

[Perez Balladares] "No, that is not true.

[Reporter] "As for the results of the Inter-American Press Association [IAPA] delegation that came to Panama concerned about the fact that there is not freedom of press in Panama [sentence as heard].

[Perez Balladares] "What do you think?"

[Reporter] "I believe that there is freedom of the press here. [passage omitted]

[Reporter] "You talked about firing those officials who refuse to follow your government plans. To whom were you referring specifically?"

[Perez Balladares] "To each and everyone of the officials at all levels who not only refuse to follow my government plans, but also those who are immersed in the bureaucracy that sometimes exasperates the users of the government services in all ministries and all entities. There is an attitude — not ours; it has been in effect for many years — by certain officials to make very difficult to the common Panamanian the rendering... [pauses] the access to the rendering of public services, not only at the IRHE [Institute of Hydraulic Resources and Electrification] or Intel [National telecommunications Institution], but also in all the services that have do with the government. I want us to dispose of this attitude first;

we must be much more kind toward those who pay our salaries, the common taxpayer, the common Panamanian, the people. Second, we must eliminate all bureaucratic obstacles that hinder all government actions. If you go to request any document in any office, first, it seems to me that there is a major reluctance to provide information or to process the request, and, second, there is an attitude consisting of processing the request as a favor. I believe these two attitudes must be disposed of. There must be a great deal of enthusiasm to attend the public; there must be a great deal of positive willingness to expedite the steps necessary to process the requests. Bureaucracy, which encumbers the flow of information, must be eliminated altogether. [passage omitted]

[Reporter] "Mr. President, what do you think of your sagging popularity, according to the latest polls?"

[Perez Balladares] "Look, I think that, following a number of laws and measures that are not popular, to describe it best, it was expected. However, these measures were absolutely necessary to modernize the country, as we had proposed. To me, this means that I must commit myself to double my efforts to be able to better report and explain what the government is doing and to be able to have our people understand that many of these measures are for their own sake and that they are not implemented to keep, lose, or gain popularity. The only thing I can say is that I accept it and that I commit myself to double my personal efforts in the work I am doing as president of the Republic."

President Endorses Bill Repealing Gag Laws

PA1512194095 Panama City Circuito RPC Television in Spanish 2300 GMT 12 Dec 95

[Report by Alvaro Alvarado; from the "RPC Television News" newscast]

[FBIS Translated Text] The draft bill that repeals the gag laws in our country was delivered to the president. The presentation of this draft bill to the president took place in a ceremony attended by the owners of the largest news media in our country.

Upon making statements, the president of the Republic highlighted that nearly 15 months have passed since he took over, during which time government and media representatives have thoroughly discussed the above bill. Consequently, he continued, everything pertaining to the gag laws will be eliminated.

[Begin Perez Balladares recording] I am very pleased to be able to have an instrument that has been accepted by most news media, which is also the product of our political position as government. We will now fulfill our part by submitting it to the Legislative Assembly,

hoping the Assembly will see it as it is: An instrument that has the support of news media representatives, the full support of our government, and an instrument that must result in a new era of relations with the media and citizens in general.

As a result, we will ask the Assembly to carefully analyze this draft bill and to keep its fundamental aspects unchanged. I hope that nothing is changed from this draft bill at the Legislative Assembly. [end recording]

Perez Balladares added that successful conclusions have been reached which will allow a better communication between the news media and the government.

President Urges PRD Members To Combat 'Pessimism'

PA1812190195 Panama City LA PRENSA in Spanish 18 Dec 95 p 1

[Report by Manuel Alvarez Cedeno]

[FBIS Translated Text] President Ernesto Perez Balladares indicated yesterday, during the PRD [Democratic Revolutionary Party] Congress, that his government will redouble its efforts to counter bureaucracy and pessimism, which is being promoted by the opposition against his administration, so that the PRD can win the 1999 elections and receive the Canal.

The president addressed the 5th Ordinary Congress of the PRD that was held at the Atlapa Convention Center [as published; the event was held at the Nuevo Panama Sports Arena] yesterday. At the event, the National Executive Committee (CEN) of the party was reelected without opposition, with Gerardo Gonzalez as president and Perez Balladares as secretary general.

Only the PRD delegation from Colon carried protest posters to demand jobs during the congress. The elections, which were scheduled to be held at 0900, began at approximately noon, when Perez Balladares arrived.

At 1615, Luis Blanco, president of the PRD elections commission, announced that the votes cast in the 35 voting booths had been counted. Gerardo Gonzalez obtained 1,659 votes for the post of president; Tomas Altamirano, 1,634 for the vice presidency; and Perez Balladares, 1,660 votes for the secretary general position. Mitchell Doens obtained 1,624 votes for the post of first deputy secretary and Francisco Sanchez Cardenas, 1,603 votes for the second deputy secretary position.

"The Elections Commission proclaims that the CEN has been reelected by an overwhelming majority," Blanco exclaimed. During the elections, 73 delegates, out of

1,787, cast a blank vote. Later, Carlos Duque swore in the reelected officials.

Gustavo Carvajal, the Mexican Institutional Revolutionary Party representative, who was invited to the event by the PRD, asserted that the results of the elections revealed the democratization of the PRD.

When Perez Balladares arrived at the congress and before the elections started, the delegates from Sabanita, Colon Province, carried three posters demanding that the government provide jobs for people.

When the elections ended, a number of resolutions were read. One of them reiterated support for the Perez Balladares administration and applauded the government's efforts to modernize the economy with "the new labor regulations." It also underscored that the Panama Canal is the most important asset of the current and future generations. "Public institutions are starting to be bolstered, and the (north and south) corridors are being built to resolve the transportation problems that is burdening the people," the resolution stated.

The congress was attended by invited representatives from the opposition Arnulfist Party, the PNP (Popular Nationalist Party), Solidarity Party, and international delegations.

The members of the Honor and Discipline Court were also elected at this congress.

After the elections, Perez Balladares addressed the congress and said the internal elections were evidence that "the PRD's practice of handpicking candidates was a thing of the past."

"From this moment on, we are putting our differences behind us. We do not need one more minute of recriminations between PRD members, because our commitment to the poor people does not allow for delays," he asserted.

"I am getting impatient with tasks that we still have not done, mainly because of the absurd bureaucracy that hinders and delays everything," the president stated. He

also demanded that procedures within the government be expedited and requested of PRD members: "Let us start a crusade against bureaucracy. I feel very frustrated when an idea ends up shipwrecked in a sea of bureaucracy."

The president warned: "I am not afraid of criticism. I am not even afraid of lies because I am convinced that truth will prevail in the long run. That is why, regardless of how unfair we think many of the publications are, I have the commitment to respect freedom of expression," he observed.

Alluding to the past government of Guillermo Endara, he said "the world looked at us for a long time, but it did so with contempt. However, we have now achieved a high level of respect, and the world is observing us as we prepare to manage the Canal in the year 2000."

Regarding the U.S. military bases, Perez Balladares stated: "We have established a clear and definite position: Any proposal will be evaluated with great responsibility and taking into consideration its tangible economic benefits for the country."

He also warned that the people have to be very alert to the "pessimistic" reports about the government's efforts that the opposition is giving out. "Although we do have problems we need to solve, they invent economic and social crises where there are none," he stated. Perez Balladares asked PRD members to "combat the defeatist reports that are saying the country is being badly governed." PRD members "have to confront this pessimism that comes from the outside," because "fortunately, we have very little of it in our ranks, although it does exist."

He also said that after the elections, he will take on the commitment to redouble his efforts to get the government's actions to reach the entire country. "Our actions will allow us to win a new mandate in 1995, so that Omar Torrijos' disciples will be the ones to receive the Canal," Perez Balladares asserted.

Argentina

Menem Views Significance of Meeting With UK's Major

PY1812151295 Buenos Aires TELAM in Spanish
1933 GMT 16 Dec 95

[FBIS Translated Text] Buenos Aires, 16 Dec (TELAM) — President Carlos Menem today emphasized the significance of his meeting with UK Prime Minister John Major yesterday.

During a news conference at the Jorge Newbery metropolitan airport shortly after returning from Spain, Menem emphasized: "We discussed the oil agreements and the possibility of achieving a fishing agreement, on which significant headway has been made, but I want you to know that it was a really significant, interesting, and positive meeting."

The president explained: "We talked very briefly. It was a very open and kind dialogue. We exchanged congratulations because things between the UK and Argentina are faring well and we committed ourselves to continue to increase our efforts to pursue a positive path for the two countries."

Menem said: "In late February or in March, the foreign minister (Guido Di Tella) will meet his UK counterpart (Malcolm Rifkind) in London to continue to discuss issues involving the relations between the UK and Argentina."

Menem added: "The UK finance minister will visit us within a few months to continue to discuss the relations between the two countries."

Menem and Major briefly met in Madrid, Spain a few minutes before participating in a ceremony to sign an Interregional Cooperation Framework Agreement between the Mercosur [Common Market of the South] and the EU at the Royal Palace.

This was the second time that Menem and Major met, after they held talks on 23 October in New York on the occasion of the ceremonies marking the 50th UN anniversary.

With regard to his meeting with Jose Maria Aznar, the leader of the [Spanish] opposition Popular Party, Menem noted: "We discussed Spanish politics and how Argentina is faring."

The president said: "On the other hand, he is convinced that he will win in the March elections."

Menem added that he also met Spanish Prime Minister Felipe Gonzalez. Menem said: "A decision on who will be the PSOE [Spanish Socialist Workers' Party]

candidate has not yet been made and it is quite likely that he will have to run again."

Atomic Agency Exports Radioisotope Plant to Cuba

PY1812233095 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2019 GMT 18 Dec 95

[FBIS Translated Text] Buenos Aires, 18 Dec (NA) — It was officially reported today that the National Commission for Atomic Energy (CNEA) and the Rio Negro company INVAP [Applied Research Institute] have exported a high-technology plant for the production, breaking up, and development of radioisotopes and other marked substances for medicinal and industrial purposes to Cuba.

CNEA and INVAP were responsible for supplying the special equipment, directing the work, and providing technical assistance. The Cuban Government was responsible for the civilian works and for installing the equipment.

The center will produce radioisotopes for medical and industrial purposes and its axis is the plant that will produce, break up, and develop radio-pharmaceuticals and marked substances.

The plant's importance is seen in the fact that it will permit Cuba to replace imported products and will help further develop the island's already advanced medicine.

It was reported that the plant, known as "Isotopes Center," is already operating, and that it was officially inaugurated on 14 December of this year.

La Pampa Province Declared 'Nonnuclear Zone'

PY1512191395 Buenos Aires TELAM in Spanish
2322 GMT 14 Dec 95

[FBIS Translated Text] Santa Rosa, 14 Dec (TELAM) — La Pampa Province was today declared, by law, a nonnuclear zone. The law regulates nuclear activities, and protects life and environmental quality.

The law bans the access, traffic, transportation, and use of radioactive substances throughout La Pampa Province; the installation of nuclear power plants; and the construction and operation of nuclear dumps for storing radioactive substances.

The law actually authorizes the access, transportation, and use of low-activity radioactive substances for medical, scientific, and research purposes. The possession and end use of these low-activity radioactive substances shall conform to current federal laws.

Violation of these regulations shall entail the payment of a fine in pesos equal to the cost of a very sophisticated hospital for treating people exposed to radiation.

The law also establishes that violations of the aforementioned regulations shall also entail a perpetual ban for the people or corporations involved for operating commercially and/or professionally in La Pampa Province, notwithstanding the criminal liability arising thereof.

The law authorizes the La Pampa executive branch to contract the appropriate technical surveys, train personnel for this purpose, and purchase the equipment required to discharge their duties.

The law's preamble points out that its goal involves protecting genuine provincial resources for the coming generations. The law was sponsored by former deputy Juan Isequilla (PJ) [Justicialist Party], the current ecology under secretary.

Sanctions Over Patents Seen as GATT Violations

96SM0026A Buenos Aires LA PRENSA in Spanish
27 Nov 95 p 3

[FBIS Translated Text] Deputy Humberto Roggero, chairman of the Industry Committee of the lower house, contended that the United States cannot "lower or eliminate" the quotas set for raw materials imported from Argentina, as a reprisal for the Patent Law passed by the National Congress, without violating the provisions approved by 116 countries under the General Agreement on Tariffs and Trade (GATT).

He admitted, however, that "there is a credible threat" that the Office of the U.S. Trade Representative (USTR) may try "to remove Argentina" from the "most favored nation" (MFN) system governing bilateral trade "as a way of pressing for pharmaceutical patents."

The controversy over the U.S. reprisals broke out last week when it was learned that exports of sugar, peanuts, and meat to the U.S. market were encountering obstacles; these obstacles were interpreted as a punitive measure for the approval of intellectual-property regulations that do not satisfy American laboratories.

The lawmaker asserted that Argentina "will not lose its status in the United States' General System of Preferences (SGP) because any reduction or elimination of the quotas set for peanuts, meat, and sugar, would violate the rules of the World Trade Organization," the body created by the GATT Accord that began operating on 1 January 1995.

Roggero explained that the General System of Preferences "will be renewed for a year and a half, expiring after 31 December 1996," and therefore each country will maintain until then the quotas set for exports of its goods to the U.S. market.

"If the U.S. President determines that a beneficiary country has become a high-income country, as defined by the official statistics of the World Bank, then that country will lose beneficiary status," Roggero explained.

High per capita income is set at \$8,626; per capita income in Argentina in 1993 was \$7,220. Roggero commented that the accords of the Uruguay Round of GATT "apparently prevent the United States from eliminating the quotas for Argentine goods even if Argentina does not pass the patent legislation advocated by the USTR."

"In particular, the quotas that the United States set for sugar are assigned on the basis of the historic share in trade," the chairman of the Industry Committee said.

"The quotas applicable to meat are also assigned to specific countries, and Argentina and Uruguay received a quota for chilled, fresh, and frozen meat, provided that public-health regulations are complied with," he added, recalling that "these quotas were negotiated separately during the Uruguay Round of GATT."

"Therefore, in this case as well the elimination of the benefit would not be consistent with the regulations of the World Trade Organization, and although the USTR can threaten, legally it cannot eliminate the quotas," he said in conclusion.

'Definitions' Sought on Continental Glaciers Airstrip

PY1512231495 Buenos Aires CLARIN in Spanish
15 Dec 95 p 15

[FBIS Translated Text] The government on 14 December asked Chile for "definitions" regarding the construction, "outside" the area in dispute, of a military airstrip in the Continental Glaciers zone.

The construction of the strip that will be used to operate two Twin Otter planes and two helicopters is a "sensitive" issue. Some 2,300 square km of the Continental Glaciers zone is being claimed by the two countries. Now the arbitration of Laguna del Desierto has been ruled on, this is the final border problem between the two countries.

An agreement was reached in 1991 to divide the Continental Glaciers, but it has not been implemented due to Congress' refusal to ratify the agreement.

Foreign Minister Guido Di Tella, who is in Madrid with President Carlos Menem, telephoned his Chilean colleague, Javier Insulza, to ask for "definitions" regarding the airstrip.

Vice Foreign Minister Fernando Petrella has called Chilean Charge d'affaires Jorge Aplegreen to his office.

Administration Seen Consolidating More Power

96SM0026B Buenos Aires CLARIN in Spanish
3 Dec 95 pp 18-19

[Commentary by Eduardo van der Kooy: "The Power of the Administration"]

[FBIS Translated Text] It does not matter whether it loses a few leaves from time to time. Amid intrigues and conflicts the administration, like ivy, retains an enormous capacity to regenerate its diminished power.

This would seem to be an indispensable virtue to avoid being weakened by the winds of a crisis, but it could become a defect that poses a danger to everyone if the people in power, as is the case now, are unable to place limits on their ambitions.

It is even worse when the political system truly seems to be out of balance. The opposition (UCR [Radical Civic Union] and the Front) is not able collectively or individually to set bounds on the advances of the Menem administration.

It is not being stopped with threatening gestures. That seems to be the major outcome of the luncheon (without downplaying its importance) that brought Jose Bordon, Palito Ortega, and Gustavo Beliz together on Thursday.

Each of them still has to think about preserving his own constituencies before sallying forth to seek out new horizons. The senator, for example, is obliged not to put too much stress on his relationship with Chacho Alvarez so as not to cause an outbreak of hysteria in the Front.

Nor can the former governor and the former interior minister sever their ties to the Menem administration all at once. One is more important than all the rest: their relationship with Domingo Cavallo, who must have been more put out than Carlos Menem by the trio's get-together before the cameras and microphones.

The administration thus seems to be its own worst enemy. Its own internal struggles are what tend to paralyze it and curb the president's instinctive impulse to control everything that rears its head on this earth.

Let us take a look. The feud that broke out between Menem and Cavallo after 14 May turned into a wide-ranging battle that left the administration, in the midst of its most serious economic crisis, one step away from the abyss.

Necessity prompted both of them to retrace their steps, and the ruling party's scattered troops seemed to line up behind them. Laws made urgent by the fragile health of the convertibility plan were passed, and the administration seemed to recover the political helm that it had lost after the elections.

The truce with Cavallo was supplemented by an agreement between Menem and Duhalde (which was consolidated when they went fishing together on Thursday) based on the traditional give-and-take approach.

The president will for the time being pull the plug on the campaign for a second reelection, which his closest circle had been pushing, and will fully back the effort to prevent the governor from being deprived in the future of the metropolitan-area repair funds (600 million every 12 months), with which he built up much of his prestige and power.

Duhalde will not say anything more until 1997 about his aspiration to take over as president a year before the end of the century (he swore to it in public).

No sooner had the official waters ceased churning than an offensive was set in motion to make up for lost political time and space.

The chief of the cabinet, Eduardo Bauza, was the architect of the negotiations to get Congress to finally delegate powers to the president. He struggled against the primary resistance of the lawmakers and was successful. Offering a debatable interpretation of the reformed Constitution, the legislators wound up agreeing to grant Menem almost total control over fiscal policy to cope with the economic emergency.

Moreover, they are very close to admitting that the Economy Ministry can dispense with some of the 59 decentralized state bodies by merely so deciding.

They were not bashful either when the time came to obey the Casa Rosada's orders. At an almost clandestine meeting the Budget Committee of the lower house confirmed the president's superpowers with one stroke of the pen.

There is still some question about whether they did so in response to a need that could not be postponed, which would not justify their actions either, or because of a controversial political conviction that has taken hold of many Peronists concerning the rights and obligations that have arisen in the wake of the sweeping electoral victory in May.

Perhaps this same approach has played a role in the renewed crisis that the administration brought on in the Supreme Court, which revived the long-standing, dormant suspicion that politics was interfering with the justice system.

It is true that last month the outgoing chief justice of the court, Ricardo Levene, was criticized by the Israeli ambassador, Yitzhak Aviran, and by the president of the DAIA [Delegation of Argentine-Jewish Associations]

for the lack of results in the case involving the bombing of the Israeli Embassy in 1992.

It is also true that Levene's departure had been pending since Menem and Raul Alfonsin decided to induce three vacancies in the high court as a result of the Olivos pact that opened the door to reelection.

But neither of these developments seemed to be the decisive factor in the resignation that the administration brought about. The overriding criterion was to create another forum favorable to the administration, and the court had, for various reasons, ceased to be this favorable forum after the pact with the Radical Civic Union.

A bit of history is in order here. The administration had to do a juggling act to fulfill the initial political commitments that it made to the UCR, and on which reform depended.

Former Minister Jorge Maiorano failed in his attempt to remove Antonio Boggiano from the court. Afterwards, Bauza could not overcome the reluctance of Enrique Moline O'Connor (the brother-in-law of Hugo Anzorreguy) and Julio Nazareno, sponsored by Eduardo Menem. Augusto Belluscio, Enrique Petracchi, and Carlos Fayt remained untouchable.

The UCR threat to bog down the constitutional reform forced Menem to sacrifice his two main men. First Rodolfo Barra and then Mariano Cavagna Martinez left the court, after which Levene promised, after an almost two-year delay, to request retirement in February 1994.

"There we are, doctor. We have two and a half vacancies," a relieved Bauza told Alfonsin in November 1993 while the UCR plenary meeting in La Pampa hesitated about whether to ratify the pact with Menem.

All this hands-on work wound up leaving its mark. The departure of Barra and Cavagna deprived the administration of the men who, at Carlos Corach's suggestion, had had a decisive influence on the court's direction and on the smooth running of all levels of the judiciary.

Since then each of the nine justices has gone his own way (Petracchi, Belluscio, and the new member Gustavo Bossert formed a minibloc), and the court has turned into a puzzle that the administration has been unable to solve.

An attempt is now being made to set it straight. Levene's departure was requested by Menem and carried out by the justice minister in a genuine race against time. The aim was to crown his replacement, appeals court Judge Adolfo Vazquez, in a quick move that was supposed to be completed before the new lawmakers imposed by the

constitutional reform joined the Senate inasmuch as they would make it harder to secure the two-thirds majority needed to approve the list.

Carlos Ruckauf had foreseen that this deadline would be impossible to meet, but the Menem administration has not given up. For the time being it seems prepared to keep the appointment of five new senators on ice, as their absence will make it easier for the ruling party to achieve the required two-thirds majority.

In a way the administration seemed to be taking revenge in advance for the fact that the incorporation of a new minority senator, which was granted to the UCR during the discussions on the Olivos pact, represents an obstacle to change on the court.

The pretense has not worked. Barra contended that the post had been offered to Hector Masnatta, Alfonsin's compromise candidate, and that his refusal had forced the administration to turn to Vazquez.

The truth is that Masnatta long ago lost his desire to serve on the court. He was appointed Argentine observer on the Venice Commission (which is looking into constitutional reforms), a post that depends politically and financially on the Justice Ministry.

No one knows for certain whether the offer was really made and whether Barra and Masnatta had not actually worked out a compromise to keep up the appearances of the Olivos pact.

Before all this happened, if it happened, the president had already chosen his friend, Dr. Vazquez. Menem's relationship with a Supreme Court hopeful would not have really mattered if it had not been made a virtual prerequisite for holding the post.

Vazquez himself lent inappropriate meaning to his words, which awakened the opposition and made ruling-party senators reluctant to ratify his appointment. One of the leading senators proposed an alternate that may be acceptable to the UCR if the nominee does not make it through Senate screening. He mentioned Leon Arslanian, a former appeals court judge and justice minister who has fallen out with the administration because of his confrontations with Cavallo and Corach.

Rodolfo Terragno, the new UCR leader, had to squirm a bit in order to avoid getting stuck in a dead end in the wake of the administration's ploy in connection with the court. He assailed Vazquez but took care in public not to demand that the administration comply with the Olivos pact, which is the main reason for the party's political decline.

Only Alfonsin and a handful of his followers still have the courage to defend it. Their isolation is understand-

able. The Menem administration has complied with just four of the 19 laws regulating the reform and has interpreted several, such as the powers of the cabinet chief, in its own way.

The opposite of what was intended is apparently happening. Having accepted the reformist pact that held out promise of keeping it under control, the Menem administration is expanding its power.

Autonomy of Supreme Court Questioned

96P20161A

[FBIS Media Note] The resignation of Supreme Court Justice Ricardo Levene followed by the immediate nomination and speedy confirmation of Appellate Judge Adolfo Roberto Vazquez—regarded as close to President Menem—has revived a debate in Argentina on judicial autonomy.

Since the 1991 increase in the Supreme Court justices from five to nine to accommodate a majority of judges appointed by President Menem, the ability of the high court to "guarantee justice with impartiality" has been questioned, noted a 6 December daily CLARIN editorial. Objecting to statements made by Vazquez himself in which the judge described a longstanding personal relationship with Carlos Menem and declared himself in tune with the government's economic policy, CLARIN asserted that "a member of the Supreme Court... must be disassociated from any suspicion of bias or commitments to the government." Under normal circumstances, continued CLARIN, a nomination for the Court should be based on the professional suitability and ethics of a candidate; this should hold true "especially when suspicions have become widespread among the public that the Court and the Judiciary in general have lost autonomy with regard to the Executive."

According to a 28 November LA NACION article, former Justice Levene always voted for government initiatives, especially those related to economic reform. With the prospect of a second reform of the state, the government did not want to lose its majority on the Court. When Carlos Menem and former Radical Civic Union (UCR) head Raul Alfonsin signed the December 1993 Olivos Pact on constitutional reform, which would allow Menem's reelection 10 months later, Alfonsin received a promise that there would be three vacancies on the Supreme Court. "Strictly speaking, the spirit of the Olivos Pact was to temper the Menemist presence on the court."

Justice Cavagna Martinez resigned on 6 December, followed by Justice Rodolfo Barra 20 days later. Even though Levene's resignation was part of the Olivos Pact deal, he refused to resign until recently, only about

two weeks prior to the seating of the new Senate on 10 December—which would have made it more difficult for the Menem administration to get the required two-thirds vote needed for confirmation of its preferred nominee, Adolfo Roberto Vazquez.

Vice President Carlos Ruckauf announced that the Senate would take up the nomination after 10 December. However, the Justicialist (PJ) block of senators, together with the backing of three provincial senators (Felix Sapag and Jorge Solana of the Neuquen Popular Movement and Juan Carlos Oyarzun of the Fuego Popular Movement), who form part of an "exclusive group invited to Justicialist block meetings," managed to confirm the nomination on 7 December, according to the 8 December daily CLARIN.

Objections to the nomination of Vazquez presented by lawyers' associations were ignored at the time of the vote, continued CLARIN. UCR bench president Jose Genoud objected to the confirmation as a "violation" of Senate rules, which call for a 7-day confirmation period. He further criticized the confirmation as a "desperate" move by the Justicialists.

Front for a Country in Solidarity [Frepa] Senator Jose Octavio Bordon called the session a "fraud," adding that in achieving the confirmation "at any cost," the PJ senators had "done a great disservice to democracy, justice, and Vazquez," according to the 9 December CLARIN. Bordon explained that by obtaining a position on the court in this way Vazquez "would forever be damned, because he will be the Justice-friend of the President and the close friend of Menem's intimates." UCR Senator Fernando de la Rúa lamented the lost opportunity to restore public confidence in the court and criticized "giving all power" to the President, "as in a monarchy." In opting for a "devoted majority" on the court, he added, the Justicialists "continue to focus on increasing [their] power and on having a demagogic structure instead of building a value-based Republic."

Bolivia

Country's Progress in Joining Mercosur Viewed

PY1812134995 Santa Cruz EL MUNDO in Spanish
9 Dec 95 p A5

[Editorial: "Mercosur: A Challenge for Bolivia"]

[FBIS Translated Text] Punta del Este, Uruguay, is once again the scenario for an important step toward Latin American integration. The meeting of the presidents of Argentina, Brazil, Paraguay, and Uruguay, which are the members of the Common Market of the South (Mercosur), in this seaside resort will help Bolivia

become a member of this regional integration system after arduous negotiations, which will allow all the bilateral agreements with those countries to be contained in one basket.

The historical agreement "opens a market of 200 million inhabitants" to more or less 1,000 Bolivian products, and on its part Bolivia reciprocally opens its borders to 600 products from those countries.

Our country was represented by the vice president [Victor Hugo Cardenas] and by the foreign minister [Antonio Aranibar] in the ceremony that opened the floodgates of a future of free trade between the countries of Latin America, and which will be the practical result of the agreements that were approved during the Summit of the Americas that was held in Miami in 1994. In addition, this agreement is the first to be signed by the members of Mercosur, and other countries — which see the need to expand integration through all subregional agreements until an agreement that will consolidate full hemispheric integration is reached — will also want to join.

This agreement gives Bolivia a 100-percent tariff preferential, in other words, zero tariff for 60 percent of the 1,000 products which have been negotiated, and the rest will have reductions of 50 to 90 percent. Thus, Mercosur excludes only five Bolivian products from multilateralization, and Bolivia has done the same for 88 products of the subregional agreement. According to the negotiators, the importance lies in the fact that 95 percent of our country's exportable goods is included in this multilateralization.

Up to a few months ago it seemed difficult that we would become a member of this system, especially because we are members of the Andean Pact, and also given the bans regarding the "impossibility" of accepting a member that belongs to another subregional system within Mercosur itself. Fortunately, everything indicates that all these difficulties have been overcome and that the five-year aspiration of belonging to this system is now a reality.

Now that the obstacles have been overcome and the agreements have been signed, the challenge must be assumed by the Bolivian business sector, which must produce, in quantity and quality, the products that are contained in the agreement. It will have a market of 200 million inhabitants in view of the detailed negotiations that will be undertaken in 1996, and their outcome will be gradually implemented during the next 10 years. Thus, this period of time is a challenge for Bolivia because it has to comply with the objectives that have been outlined and that will allow integration to be strengthened.

Brazil

Senator Reveals 'Memorandum of Understanding' on Sivam

PY1912003495 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 18 Dec 95

[FBIS Translated Excerpt] Senator Antonio Carlos Magalhaes said he has evidence that the selection of the U.S. company for implementing the Sivam [Amazon Region Surveillance System] project was a card game with marked cards. Magalhaes thinks that the document he will show to President Fernando Henrique Cardoso will result in the annulment of the contract.

[Begin recording by reporter Jose Raimundo, in Salvador, Bahia] The document is a memorandum of understanding among the three companies involved in the accusation: Raytheon; ESCA [Automation and Control Systems Engineering]; and Lider Taxi Aereo, as Raytheon representative in Brazil.

The agreement was signed in July 1992. Senator Antonio Carlos Magalhaes said he decided to show this document because the president of the Republic had said he does not have it. For Magalhaes, the document demonstrates that Raytheon and ESCA had been chosen two years before the companies for the Sivam project had been selected.

The document will not be presented right now to the Senate committee investigating the Sivam project. Despite the fact that he is president of this committee, Senator Magalhaes prefers to wait for President Cardoso to return to Brazil.

[Raimundo] Senator, do you think that with this document, President Cardoso can cancel the contract with Raytheon, independently from the Senate action?

[Magalhaes] No. This demonstrates an understanding among the companies that chose Raytheon. This cannot be maintained. The president said on television that such a document does not exist, that I did not have such a document. Here it is. [camera shows close-up shot of a document, with signatures] It is signed by the people mentioned here: Mr. Edmundo Rolon for Raytheon, Eduardo Vaz for Lider, and Esteve Ortiz and Eduardo Podesta Vaz for ESCA. The signature of Jose Antonio Podesta is also here. Therefore, we have here a valid document signed by all of them on 8 July.

I will not show this document to anybody without first showing it to the president of the Republic. I am sure this is another document that confirms the project's lack of feasibility. [end recording]

[Begin recording by reporter Paulo Henrique Amorim, in Kuala Lumpur, Malaysia] [passage on background

material concerning Malaysia omitted] Meanwhile, in Kuala Lumpur, Malaysia, President Fernando Henrique Cardoso said he does not know about a document that allegedly demonstrates irregularities in the Sivam project.

I spoke with President Cardoso for 45 minutes today in the presidential suite of this hotel in Kuala Lumpur. I told him that Senator Antonio Carlos Magalhaes is speaking about a document that demonstrates an agreement between ESCA and Raytheon before the Sivam contract had been signed and that, therefore, according to the senator, the selection of Raytheon is spurious.

President Cardoso said that here in Kuala Lumpur he had consulted Military Household Chief General Alberto Cardoso and Strategic Affairs Secretary Ronaldo Sardenberg, and that the two reasserted they did not know about the existence of such document. President Cardoso himself is skeptical, but he believes that if the document is irrefutable or if another irrefutable document turns up demonstrating a connection prior to the contract and demonstrating the spuriousness of the selection of Raytheon, he himself, and not the Senate, will take the initiative to denounce the contract and fire the final shot at Raytheon.

Senate To Approve Sivam if Raytheon Contract Annulled

*PY1912011795 Sao Paulo AGENCIA ESTADO
in Portuguese 2053 GMT 18 Dec 95*

[By Rosa Costa]

[FBIS Translated Text] Brasilia, 18 Dec (AE) — Senator Jader Barbalho, leader of the largest party bloc in the Senate, the Brazilian Democratic Movement Party, (PMDB-PA) [Para], said today that breaking the contract with the U.S. company Raytheon is an essential condition for the Senate to consider authorizing resources for the Amazon Region Surveillance System (Sivam). Barbalho said he does not understand President Fernando Henrique Cardoso's doubts on the subject. "Raytheon cannot be maintained, and the president knows well what the senators think," he said. "The contract is suspicious, and the slowness to react only makes things worse."

For Barbalho, the exclusion of Raytheon will be essential for the Senate to authorize the administration to contract foreign loans for up to \$1.4 billion for the purchase of equipment and for administering the Sivam. The problem is that the loan guaranteed by the Eximbank, which will provide 70 percent of the funds for the project, will be valid only if Raytheon is contracted.

According to the terms of the current contract, Raytheon itself, together with its suppliers, will provide the remaining funds that were necessary for the Sivam. With the Senate authorization, the administration should again select suppliers, but this time through an international bid call. Brazil would again have to obtain an international loan.

Barbalho thinks that the document which Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], president of the Sivam special committee, announced as a "bomb" against the project is a copy of the contract that demonstrates Raytheon's link with ESCA [Automation and Control Systems Engineering] even before the two companies had become partners to win the Sivam contract. "I learned about that partnership, and I asked the TCU [National Accounting Office] for copies of its investigative report. That is why there is nothing new in this useless debate," he said ironically. "If Magalhaes has something more serious than that, well, I will have lost the notion of what is serious," Barbalho said.

Barbalho revealed details of the conversation he held a month ago with President Cardoso during which he suggested that the president "start over from scratch" with regard to the contract to select suppliers for the Sivam project. "I told him that if he did not make a decision then, he would have to make it afterward by petition of Antonio Carlos Magalhaes, in the name of the Senate committee," Barbalho said. In view of Cardoso's reluctance, Barbalho said he insisted: "Do it now, Mr. President. Make it your initiative; do not wait for new events."

Barbalho reiterated that he had no reasons for doubting the Aeronautics Ministry as administrator of the Sivam project implementation, despite the fact that the TCU report denounces irregularities committed by aeronautics officers in charge of these negotiations. He alleged that he would not comment on the injustice of condemning an institution on account of the mistakes made by some of its members.

Military 'Resistance' to Sivam Contract Changes Ends

*PY1912020495 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 15 Dec 95 Section 1 p 4*

[Article by Rui Nogueira]

[FBIS Translated Text] The testimony of Aeronautics Minister Lelio Lobo on 12 December before the super committee of the Senate put an end to the military resistance to changes in the contract with Raytheon.

The Aeronautics Ministry is already studying whether the cancellation of the contract with Raytheon will involve paying a fine. The Aeronautics Ministry is waiting for the return of President Fernando Henrique Cardoso to formalize its withdrawal from the Sivam [Amazon Region Surveillance System]-Raytheon affair.

Yesterday Minister Lobo began to take action to improve its frayed image and decided officially to give explanations on Raytheon's involvement with ESCA [Automation and Control Systems Engineering].

Therefore, when President Cardoso returns, the aeronautics high command will have to meet to decide on the creation of a commission to intervene in the CCSivam (Coordination Commission of the Sivam), which would also have power to review the entire project.

The military officials are even considering the possibility of reforming the project. The reason: There is growing pressure in the Armed Forces to allow Brazilian scientists and experts access to the project.

Minister Lobo's lack of a response to questions on the almost promiscuous handling of the ESCA-aeronautics affair led to a change of view within the super committee and convinced military officials that this is a political issue.

They believe that the simple separation of ESCA will no longer be enough to do away with the suspicions raised by the National Accounting Office (TCU).

The Armed Forces believe that keeping the Raytheon contract would wear down the government, and that this is a situation President Cardoso would no longer accept.

The purpose of the commission that will intervene in the CCSivam is to provide explanations to the lower ranking military officials about suspicions regarding aeronautics leaders' involvement in this affair.

Regarding the super committee of the Senate, the Aeronautics Ministry fears that the insistence of congressmen on hearing testimony from more people — such as Ronaldo Sardenberg (SAE) [Strategic Affairs Secretariat], Mauro Gandra (ex-aeronautics minister), and Francisco Graziano (ex-president of the Incra [National Land Reform and Settlement Institute]) — will make the Sivam case more explosive.

There is fear, for example, that the Senate would like to know if other ministers or any other members of the high command were frequent visitors at the home of businessman Jose Afonso Assumpcao, owner of Lider Taxi Aereo and Raytheon's representative in Brazil.

Commentary Views Difficulties of Sivam Implementation

PY1812233495 Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Dec 95 p 2

[Commentary by Dora Kramer: "Sivam Does Not Have an Alternative Solution"]

[FBIS Translated Text] The government does not have an alternative plan to implement a surveillance system in the Amazon region if the Senate — as seems likely — rejects its authorization for the concession of foreign loans to purchase the equipment for Sivam [Amazon Region Surveillance System]. Up until a few days ago, the Strategic Affairs Secretariat [SAE] still had a slight hope that Congress might approve the project.

Beyond this remote possibility, the situation is one of desolation. A rejection of the current proposal in Congress would, in theory, validate the previous proposal that included ESCA [Automation and Control Systems Engineering] in the business. But no one even remotely conceives of the possibility that the government will revive this proposal because at this point ESCA is already ruined, besides carrying the stigma of being incompetent. The only thing SAE knows for certain is that Sivam must be implemented. The following figure shows this in an impressive way: During monitoring of air traffic over a period of one month in the area of Boa Vista, Roraima, 800 unidentified flights were registered.

The problem is how to implement it. The SAE believes future loans will be more expensive, but the government maintains that the possibility of lifting the bidding's secrecy is unthinkable.

Before Aeronautics Minister Lelio Lobo's disastrous deposition, which only increased suspicions without explaining anything, the feeling at Government House was that perhaps in the end Congress was not going to be sidetracked from the main objective by what — at that time — could still be interpreted, in good faith, as simple appearances. There were still hopes that no concrete indications of wrongdoing would appear.

Today it is difficult to find anyone in congressional circles — even after a careful search of every corner — who would give a penny for the survival of Sivam in its current version. It is obvious that if a disciplined investigator asks the aeronautics minister or SAE Chief Ronaldo Sardenberg about it, he will receive an optimistic answer. After all, someone must maintain the honor of the sponsors.

The situation is actually worse than it looks because Sivam is affected by a difficulty that has scarcely been mentioned. Senator Gilberto Miranda, who was

intensely involved in the debate, noted that perhaps Sivam would produce, if not profits, at least benefits for the fatherland. But the senator and the government know, the military is conscious, and ministers facing the difficulty on a daily basis are fully convinced, that it would be absolutely impossible to organize biddings for Sivam civilian works.

Yes, sir, and this fact is confirmed with commas and accent marks and points by all authorities involved in the project. It was for no other reason that the senator — who is, by coincidence, a partner in companies engaged in construction work throughout the free trade zone [Manaus] in an almost monopolistic way — proposed that civilian works also be contracted without biddings.

If the equipment is secret, why not also impose secrecy on what will hold such a secret project, even though it will be done in concrete — a substance that is broadly known around the world? The argument was obviously considered fallacious. One thing has nothing to do with the other, although people who understand the problem admit that the senator was right, not with respect to the objectives, but in terms of the philosophy underlying the proposal.

The problem is that the current law regulating biddings makes even the purchase of school lunches difficult. No one has any illusions that a bidding of the scope that will be necessary for the implementation of Sivam can be successfully implemented. It is already foreseen that the festival of contesting arguments, petitions, and bureaucratic hurdles will make the contracting of construction firms absolutely impossible.

This fact puts Sivam in the peculiar position of risking a fall into the fire in the event it escapes the cross on which it is tied.

Commentator Views Origin of Sivam 'Problems'

PY1512190395 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 12 Dec 95 Section 1 p 5

[From Janio de Freitas' column: "The Source of Errors"]

[FBIS Translated Text] New ethical or technical faults in the implementation of Sivam [Amazon Region Surveillance System] are being discovered every day. However, despite this uninterrupted flow of growingly serious events, none of the notorious facts is as important as the one that has been ignored by the media. In addition to being the most significant event, this fact has also given rise to the political and institutional problems stemming from the Sivam project.

The project is the result of combined pressure originating from internal and external sources. Internal pressure has to do with the military idea that the Amazon

region faces the danger of some sort of international intervention — in the medium or long term — with the consequent reduction of Brazilian sovereignty over the Amazon territory. Concern does not focus on neighboring countries, which have territories in the Amazon region and which are — at most — possible doors for an eventual intervention. International organizations, including some organs of the United Nations, and the heavy-handed ambitions of some U.S. sectors are the actual sources of the threat. This is the reason for the military features added to what was to have been only a supplement to the national flight support system, with the incorporation of the Amazon region.

External pressure came from the U.S. Government. Since the U.S. foreign policy is not divorced from commercial interests, U.S. pressure has, from the beginning, conditioned several bilateral topics on the contracting of U.S. companies for implementation of Sivam. The provision of a defense system for a territory in which the United States is allegedly interested might seem a U.S. contradiction. This could also imply a contradiction from a Brazilian military viewpoint, considering that Sivam would be a defense system with internationally known secrets. This contradiction, however, might turn into a valuable advantage. From the viewpoint of the Brazilian contradiction, the military believe that the part of the project with which only they are familiar will render the other secrets useless. This attitude does not take into account the resourcefulness and efficiency of espionage.

The most important and most broadly ignored mistake was made under the combined pressure of the most influential internal factor and the most powerful external force: a Brazilian Government promise to the U.S. Government that the project would be designed to meet the demands of internal and external pressure. The first steps toward compliance with this commitment were taken during the Itamar Franco administration; Cardoso reiterated it and, since his inauguration, has made every effort to comply with it. A detail that confirmed the commitment is Fernando Henrique Cardoso's unprecedented call to Bill Clinton to inform him that Sivam was awarded to the U.S. company Raytheon.

The mistake is obviously not the commitment itself but the fact that other commitments have been disregarded on its behalf. Moreover, it was not an isolated mistake for which no previous case has been reported. It is part of a long series of actions originating with one of the worst distortions inherited from the military regime. It is the idea of the superior, if not absolute, power of the presidency. When President Fernando Henrique Cardoso says, as he has frequently done, that he will tell people the government is doing its share in the

work on the reforms and Congress is not doing its own share, he is conveying the idea that Congress is not an independent branch that is the equal of the executive branch, but a branch that is subordinated to the executive branch and that serves only to formalize government plans. And since Congress, rather than opposing this attitude, has encouraged it, the presidency has reflected it through its actions.

The same thing happened at the beginning of the Sivam project. No external commitment, no matter how informal, may be assumed if constitutional and legal principles are not respected. In this case, what was involved was a commitment without the opinion of Congress on the various aspects of a project that call for a word from the legislative branch.

The result of this mistake is that, first, it was necessary to adopt procedures that violated legal and ethical principles to implement Sivam, based on improper steps. Now President Cardoso finds himself in a situation in which he has to defend what cannot be defended.

From its beginning, Sivam has accurately depicted Brazilian constitutional democracy, which is more Brazilian than constitutional.

Argentina To Implement Project Similar to Sivam
PY1512023395 Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Dec 95 p 6

[From "JB Report" column by Mauricio Dias]

[FBIS Translated Text] Argentina will implement a project similar to the Amazon Region Surveillance System [Sivam].

The project for replacing and increasing the number of Argentine radars will cost the country approximately \$430 million. The first stage, which will cost \$180 million, will cover the northern region of the country. This region is on the Brazilian border.

This project is taking an entirely different course in Argentina than the one it has taken in Brazil. On 13 December, President Carlos Menem decided to hold a tender bidding for the purchase of the radars.

Menem thus opposed the Defense Ministry which, similar to what the Brazilian military did, planned to conduct the negotiations behind doors with the same excuse that it was necessary to keep the transaction secret in the name of national security and because they were worried about possible actions by drug traffickers.

The Argentine Government's decision to opt for a public tender bidding has taken into consideration the Brazilian imbroglio resulting from the Sivam case.

Deputy Fernando Gabeira believes that the Argentine decision will modify the scenario in which the Brazilian surveillance system for the Amazon Region is discussed. In his opinion, Sivam's original sin is the fact that the company that has been chosen to implement the project has not been selected through a public tender bidding.

Deputy Gabeira asked: After all, if it has been impossible to hold a public tender bidding in Brazil, why has it been possible to do it in Argentina if the objectives and preoccupations of the projects are the same?

The Brazilian authorities will have to answer this question.

China Supports UN Security Council Membership
PY1812150995 Sao Paulo AGENCIA ESTADO in Portuguese 1848 GMT 13 Dec 95

[By Miriam Moura]

[FBIS Translated Text] Beijing, 13 Dec (AE) — PRC President Jiang Zemin today told Brazilian President Fernando Henrique Cardoso that his country supports the accession of Brazil as permanent member of the UN Security Council. "China realizes the importance of countries such as Brazil and is willing to review the composition of the UN Security Council so as to include countries like Brazil," Cardoso said during the first day of his official visit to China. "The support for Brazil was categorical," Cardoso said.

According to the Brazilian president, this was an "expression of admiration and thoughtfulness" because China knows that Brazil "is not waging a campaign." Cardoso added that Brazil's position is such that the issue must develop naturally. "To the extent that we are developing relations with China and other countries, among them the United States, we are demonstrating our very active presence in the world."

Cardoso said the human rights issue was not discussed during his visit. "There was no specific opportunity," he said, and added that the country has a very clear stance on the matter. He also recalled his concern over the matter, stressing his intention not to mix up "one thing which is an internal matter of ours" with international issues.

Article Views Cardoso's Upcoming Visit to Malaysia

PY1512233595 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Dec 95 p A16

[FBIS Translated Text] Brasilia — Whenever President Fernando Henrique Cardoso's 10-day visit to the PRC,

Macao, Malaysia, and Spain is commented on, the following question is repeatedly asked: "Why Malaysia?" Itamaraty replies that Brazil wants to expand its presence in the region. Malaysia, which has 19.5 million inhabitants, has registered one of the largest economic growths in the Southeast Asia region in the last few years.

Although discreet, Brazilian relations with faraway Malaysia are very friendly. Diplomats point out that "there have never been conflicts between the two countries." Cardoso's is the first visit of a Brazilian chief of state to Southeast Asia. The Brazilian president will arrive at Malaysia's capital, Kuala Lumpur on Sunday, 17 December.

The following day, he will be received by King Tuanku Jafar, Queen Nagira, and Prime Minister Mahathir Mohamad. Current Malaysia developed from old Muslim sultanates that existed under British influence until 1957. That year, the region was unified under the official name of Federation of Malaysia. The Malay protocol office has warned the Brazilian entourage to avoid wearing white clothes (which is the country's mourning color), or yellow clothes (which is the king's color) in the official welcoming ceremony. It has been explained, in addition, that black is only worn at night.

Brazil and Malaysia, which are both members of the Group of 15, have been adopting similar positions in various multilateral forums. There is one more tie between the two countries: Ajit Singh, who is the current secretary general of the Association of Southeast Asian Nations [Associacao das Nacoes do Sudeste Asiatico — ASEAN], is a former Malaysian ambassador to Brasilia. Cardoso's visit will also be an opportunity to discuss possibilities of cooperation between the Asian Free Trade Area and the Common Market of the South.

During the visit, representatives of the two governments will sign two accords: one on visa exemption for Brazilian visitors and the other one on air transportation. The two countries will also sign a memorandum of understanding for the establishment of a business council and an agreement for cooperation between the Rio de Janeiro Federal University and the Technology University of Malaysia. Other acts that are being drafted and will be signed during the visit refer to rendering of services supporting oil prospecting and exploitation in Brazil, entrepreneurial cooperation, and participation in the program for privatization of the energy-producing area companies. Another memorandum of understanding will contemplate cooperation in the privatization of the Sao Sebastiao Port.

The trade balance between Brazil and Malaysia is favorable to Brazil: In 1994, Brazil exported \$210 million to

Malaysia and imported \$134 million (only 0.2 percent of the overall Malaysian exports). During his two-day visit to Malaysia, President Fernando Henrique Cardoso will visit the Proton car-manufacturing company, which is a Malaysian-Japanese joint venture. He will also attend the ceremony closing the Brazil-Malaysia entrepreneurial seminar. A delegation of 60 Brazilian entrepreneurs will participate in the seminar. Cardoso and the delegation will also visit the Malaysian Chamber of Commerce, where they will have lunch.

Deal Reached With Argentina Over Auto Investment

*PY1112135095 Sao Paulo AGENCIA ESTADO
in Portuguese 2116 GMT 8 Dec 95*

[FBIS Translated Text] Brasilia, 8 Dec (AE) — Brazil has managed to break even in the dispute with Argentina over new investments in the automotive industry. The agreement reached this week between the experts of the two countries establishes practically identical conditions for automotive factories. The main decision was that the average nationalization rate for the first three years of a newly installed automotive industry will be 50 percent. "Only after the fourth year will the average rate of 60 percent come into effect," said Antonio Sergio Melo, industrial policy secretary of the Brazilian Industry, Commerce, and Tourism Ministry.

Argentina's acceptance of the new Brazilian automotive policy, which was issued last June through a provisional measure, overcomes the difficulties created by a very bad agreement reached during the past administration. The rules broadly favor Argentina, and have thus attracted to Argentina at least two car factories — Toyota and Chrysler — together with about 50 small car spares industries and several million dollars worth of investments.

Since the provisional measure was issued, at least five automotive industries — Hyundai, Renault, Honda, Mercedes, and Asia Motors — showed interest in investing in Brazil. The provisional measure will be reissued on 24 December and regulated through a presidential decree to begin to be fully applied as of next January. No opposition from the National Congress is expected.

The automotive policy allows car industries installed in Brazil to import parts, machines, equipment, raw materials, and capital goods with low import tariffs in the same proportion as its exports. That is, for every \$1 exported, \$1 can be imported with an import tariff reduced by as much as 80 percent. Regarding the sale of Brazilian-made car spares, Brazilian industries will receive an extra benefit: a 20 percent bonus that will

allow them to make a \$1.2 purchase for every \$1 that is exported. Cars may be imported with a 50 percent import tariff discount, which represents a 35 percent reduction on current prices.

To safeguard some national industry sectors, limits have been established on imports. Raw material purchases cannot be greater than 50 percent of the purchases subject to benefits or 67 percent of the car spare parts. Car imports can amount to 100 percent.

Administration Said Discussing Changes in Economic Team

PY1912020195 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Dec 95 Section 1 p 5

[Article by Josias de Souza and Valdo Cruz]

[FBIS Translated Text] The administration and its allies are discreetly discussing a subject that seemed to be out of the political agenda: changes in the economic team. Such cabinet changes could affect Finance Minister Pedro Malan, all the Central Bank [BC] directors, and even Planning Minister Jose Serra.

Talks on the subject increased in the past few days with the worsening of the political crisis that is affecting the Fernando Henrique Cardoso administration. The economic team is at the center of all conflicts.

The debate is taking place in various circles, from Planalto Palace offices to Liberal Front Party, PFL, meetings. A quick solution, however, is not foreseen. Changes would come only in 1996. March is being mentioned in particular.

President Cardoso initially did not intend to change any ministers before the constitutional reforms were approved in Congress. Some of his advisers, however, fear that the president might be forced to take action.

During a conversation that took place in Planalto Palace last week, Minister Malan was defined as someone taken over by total "abulia." This word is defined by the "Aurelio" (Portuguese language dictionary) as follows: "Pathological alteration characterized by diminished or total absence of will."

In the Central Bank, some of the directors suspected of responsibility in "leaking" the information from the so-called "pink file" decided to leave the administration. This subject was discussed among BC President Gustavo Loyola and some BC directors.

It was decided that as soon as four problems (Banespa, Sao Paulo State Bank; Economico Bank; Banerj, Rio de Janeiro State Bank; and Credireal banks) were solved, all of them will resign.

Loyola and his aides expect to solve everything by March. Cardoso will therefore have time to chose their replacements.

Discreetly, we met some BC officials, including Foreign Affairs Director Gustavo Franco, who said he agrees with the decision regarding leaving the bank. The expectation, however, is that Cardoso, who admires the work of Gustavo Franco, will invite him to remain in the administration, but in another post.

Cardoso's position regarding the changes in the economic field is not totally known. The president feels committed to Malan. During the stage when he was forming his cabinet, he practically forced him to accept the Finance Ministry. At the time, Malan wanted to return to Washington, where he was World Bank director.

To remove him now, the president would have to find Malan a job in the United States. Malan's advisers say that he is not pleased with his post. Malan's departure could precipitate another change in the economic team. Sensing changes, the PFL is preparing to attack Serra's permanence in the cabinet.

The PFL views Malan as a kind of obstacle to Serra's appetite for power. The departure of one should automatically represent the departure of the other.

Discreetly, Serra himself acknowledged that the president will not give him more power in the administration. The curious fact is that the name mentioned as his eventual replacement in the Planning Ministry is identified with one of his strongest allies: Clovis Carvalho, current Civilian Household chief of the Presidency.

Carvalho's new post would allow Cardoso to solve another problem that worries him: The absence of a political coordinator in Planalto Palace. The political parties are pressuring him to appoint a politician in the Civilian Household.

Commentator Views Upcoming Cabinet Changes

PY1812213595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 Dec 95 p 2

[From the "Such Is Politics" column by Dora Kramar]

[FBIS Translated Text] The postponement of the special Congress session summons and the maintenance of the congressional recess has a concrete and objective reason: to give time, during this period, to President Fernando Henrique Cardoso to announce cabinet changes. It is still not known who is going out and who is coming in, but one name is practically defined.

That person is the future political coordinator. He is Deputy Aloisio Nunes Ferreira. A former communist

and former ally of Orestes Quercia [former Sao Paulo governor and current Brazilian Democratic Movement Party, PMDB, leader], Ferreira has the total confidence of the president of the Republic. Ferreira has been Cardoso's companion since they were both members of the left. His post has been ensured since Cardoso's departure for the PRC. He will fail to be named political coordinator only if something exceptional takes place, which is not probable.

According to reports, Ferreira will not only be a coordinator, but will probably replace Clovis Carvalho as Civilian Household minister. His nomination to the post is approved by the PFL [Liberal Front Party] and the PMDB. Besides, "the coordinator must be on good terms with the president, and the rest can be adapted. The political coordinator needs to have eaten at least 1 kg of salt with the president."

The cabinet changes, which will not be limited to the appointment of Ferreira, were originally scheduled to be implemented after March in order not to harm the constitutional reforms, but the situation was precipitated because of the political crisis. As of the afternoon of 14 December, no change was foreseen in the timetable to summon Congress, nor any changes with regard to the subjects on the congressional voting list. Chamber of Deputies President Luis Eduardo Magalhaes categorically stated that day: "We will maintain everything as it is."

Throughout the afternoon, however, things began to change. Congressmen became exasperated as the PSDB [Brazilian Social Democracy Party] and PPB [Brazilian Progressive Party] made efforts to convince PMDB and PFL members to join their parties; in just one afternoon, the administration suffered four defeats during voting sessions in several committees. Furthermore, the appointment of the new president and financial director of the Postal and Telegraph Company, ECT, caused general displeasure. Overall, the atmosphere became worse before one's very eyes. The fear was that upon his return, Cardoso would meet with a less than friendly reception.

Marco Maciel informed him of everything. What is more, he said that he would not sign the appointment of the new ECT president, Amilcar Gazaniga, who was recommended by the PPB for the post. Maciel had listened to the complaints of PFL President Jorge Bornhausen. Gazaniga is the protege of PPB President Senator Esperidiao Amin, opponent of Bornhausen in Santa Catarina politics. In addition, Bornhausen only learned of Gazaniga's appointment when he had already been offered the post by Communications Minister

Sergio Motta and when Gazaniga was celebrating his new post in a Brasilia restaurant.

The decision to change everything was made early on 14 December because Marco Maciel had to wait at least until dawn on 15 December in the PRC to speak with the president. They decided not to implement a profound cabinet change but to at least begin one, to give a signal to the politicians that the administration is willing to change, and present something new in the cabinet.

Despite the pressure he received from the heavyweight ministers — and we are not speaking here of Minister Jose Serra, who ultimately takes all the blame when the heavy bombardment comes from the other side — Minister Pedro Malan will not be changed. "Cardoso will not touch Malan for sure," said Luis Eduardo Magalhaes on 14 December.

Those ministers of whom nothing is ever heard are perhaps the ones at risk. During the meeting that took place on the afternoon of 14 December among the presidents of the Chamber of Deputies and the Senate and other high-ranking politicians, many did not even remember that Jose Israel Vargas is science and technology minister. Such a situation may mean absolutely nothing in terms of cabinet changes, but it was a subject of conversation.

Perhaps that group of politicians including Marco Maciel cannot tell the president whom to change. Furthermore, Cardoso will not anticipate such a decision over the phone, especially since he is in a country on the other side of the world.

Another decision that is viewed as certain upon Cardoso's return is reconsideration of the Raytheon contract with regard to the Sivam [Amazon Region Surveillance System]. With this, it is expected that the crisis will calm down, despite the fact that the education minister has learned that it is necessary to remove [former National Land Reform and Settlement Institute president] Francisco Graziano from the limelight as soon as possible.

Planalto Palace did not view favorably the homage Graziano received from the PSDB in Sao Paulo on 10 December. According to the education minister, the next shots against government officials would come from there, more precisely against [Secretary General of the Presidency] Eduardo Jorge and Clovis Carvalho.

Commentator Says Calha Norte Program Reactivated

PY1812202795 Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Dec 95 p 2

[From the "Such Is Politics" column by Dora Kramer]

[FBIS Translated Text] The administration is slowly and discreetly resuming the Calha Norte project, which foresees the occupation of 1.2 million km [unit as published] north of the Amazonas River. The idea is to involve several ministries, besides those related to the military; this would include the environment, justice, mines and energy, and education ministries. Another purpose is to decide the manner and extent to which each will participate. An initial meeting to discuss the Calha Norte project was held 10 days ago with the participation of representatives of all these ministries; coordination will be handled by the Strategic Affairs Secretariat.

The Calha Norte project, which is currently at a standstill, was launched during the Jose Sarney administration, and ultimately became an exclusively military program. The current administration wants other ministries to participate in various fields because its needs surpass those defined by military objectives. For example, it has already been decided that the Education at a Distance Program — which trains teachers by television — will be transmitted to the Calha Norte area.

Cardoso: Decision on Salary Increase Inflationary

PY1512005795 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 14 Dec 95

[FBIS Translated Excerpt] President Fernando Henrique Cardoso today said that the 25-percent salary readjustment the Superior Labor Court [TST] has granted to Bank of Brazil clerks harms the Real Plan. According to Cardoso, the TST decision may result in dismissal of Bank of Brazil clerks.

[Begin Cardoso recording] If a court decides something, the government has to comply with the decision. Nevertheless, how can the government comply with this decision? This decision is harmful because the government will have to readjust certain areas of the economy, reduce the number of employees, and reduce expenditures. Instead of helping the government to solve problems, this decision makes things more complicated. [end recording]

President Cardoso said that the TST decision opens the path for other institutions to claim far more salary increases. As a result, the inflation rate will again go up.

[Begin Cardoso recording] If this path is taken again, inflation will return to the country. I believe, however, that Brazil does not want to have high inflation again. I do not want to comment on this fact because I have not read the TST's decision, but I want to make very clear that this type of solution is old-fashioned and does not solve problems. This year the most destitute Brazilians have eaten better. Statistics show clearly that even those who had the lowest salaries have had the possibility of having a slightly better standard of living. Why was that? Because we no longer have a high inflation rate. We do not want to go back to the times when only wealthy people could live well in Brazil. This sort of decision should be considered more thoroughly. It seems to help people but reality shows that it only harms everyone. [end recording] [passage omitted]

Ministers Protest Labor Ruling on Central Bank

PY1412235895 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 14 Dec 95

[FBIS Translated Text] Bank of Brazil President Paulo Cesar Ximenes said in Brasilia that he will appeal the decision made by the Superior Labor Court [TST]. Planning Minister Jose Serra and Labor Minister Paulo Paiva today visited the TST justices to ask them not to authorize any more wage increases to compensate for past inflation effects in other public companies, as was the case with the Bank of Brazil.

Justice Says Government Should 'Close Down' Unions

PY1512023495 Sao Paulo AGENCIA ESTADO in Portuguese 1936 GMT 14 Dec 95

[FBIS Translated Excerpt] Brasilia, 14 Dec (AE) — Justice Almir Pazzianotto, of the Superior Labor Court [TST], today charged the government with not allowing the free negotiation of salaries in their enterprises, as the provisional measure on de-indexation establishes. "The government wants the labor unions and state-owned enterprises to bend to the Public Companies Control Committee [Comite de Controle das Estatais — CCE], thus violating the principles of democracy; therefore it would be better to close down the labor unions," Pazzianotto said.

The justice thus answered President Fernando Henrique Cardoso's criticism. Cardoso said that the TST decision about the Bank of Brazil clerks' request for a salary readjustment can cause more dismissals and reductions in the company's expenditures. The TST has established a 25-percent salary readjustment for the Bank of Brazil clerks, in addition to the 20.94 percent established in the provisional measure, which makes it mandatory to

readjust salaries only in accordance with the Restricted Consumer National Price Index accumulated until June. The CCE has oriented all public companies to grant only the minimum salary increase, without adding anything. [passage omitted]

Finance Ministry Secretary Views Goals for 1996

PY1412033795 Sao Paulo AGENCIA ESTADO
in Portuguese 1443 GMT 7 Dec 95

[FBIS Translated Text] Brasilia, 7 Dec (AE) — The Finance Ministry has decided on four major goals for next year: to deepen the fiscal adjustment process; to increase the level of employment; to reduce the level of interest rates; and to create incentives for exports. Jose Roberto Mendonca de Barros, the Finance Ministry secretary for economic policy — who participated in the "Good Morning, Brazil" program broadcast by Rede Globo Television — said the government will act on three [as published] fronts: fiscal adjustment, reduction of the public debt burden, stricter control of current expenditures, and promotion of stimulus to privatization. Mendonca de Barros asserted: "This will allow the government to open more space for the resumption of economic growth and a consequent increase in the level of employment." He admitted, however, that the most difficult goal to be achieved in 1996 is that of increasing the level of employment because it will depend on the support of governors and congressmen.

'Remarkable' Increase in Black Market Dollar Rate

PY1312221995 Sao Paulo AGENCIA ESTADO
in Portuguese 1454 GMT 13 Dec 95

[FBIS Translated Text] Sao Paulo, 13 Dec (AE) — The black market dollar rate this morning registered a remarkable growth, as part of a trend that has become more intense in the past few days. This increase is attributed to the end-of-year seasonal demand for the U.S. currency. The black market selling dollar rate today peaked at 0.995 reals, registering an increase of 0.81 percent. The difference with the commercial dollar rate reached 2.9 percent, the highest since the exchange rate crisis of March, when the nervousness caused by the adoption of the band system pushed the black market dollar rate to 3.1 percent above the commercial dollar rate. In the first 13 days of December, the accumulated increase of the dollar investment rate reached 2.05 percent. If this rate remains unchanged until the end of the month, the accumulated profit will be 4.7 percent. However, profits in real terms will be smaller in light of the large "spread" [preceding word in English] between buying and selling rate peaks. On the black market, the spread today stands at 0.91, while on the commercial

dollar market, it stands at 0.01 to 0.02 percent. The high black market spread was caused by the low liquidity, which has made money exchangers increase the spread in order to compensate for the low amounts that are negotiated.

'Parallel Financial System' Termed 'Alarming'

PY1512235295 Rio de Janeiro O GLOBO
in Portuguese 10 Dec 95 p 11

[FBIS Translated Text] Sao Paulo — The Federal Police investigation about the use of nonresidents' deposit accounts (CC5) [Circular Letter 5] for money laundering has led the police to discover mechanisms that banks, exporters, and organized crime use to circumvent official controls. These mechanisms allow the parallel financial market to grow. This market yields negotiated profits resulting from overpricing and underpricing of imports and exports, from drug trafficking, from weapons smuggling, and the parallel accounting system of enterprises.

This parallel financial system represents an alarming phenomenon due to the formal and informal growth of the Brazilian economy because it can generate social splits of unpredictable consequences. A police inspector who is participating in investigations to identify money-laundering operations being conducted through CC5 said: It can even demoralize the official legal system.

This police inspector asserts that some of these criminal activities end up by using the parallel financial system which, "thanks to a generalized tolerance," is transformed into an instrument that stimulates illegal activities.

The police inspector poured his heart out. He said: Criminal interests flow into this parallel financial system that does not recognize governments, does not issue receipts, and does not pay interest. It creates and defends an atmosphere propitious to those who make up the official and legal world but makes them feel harmed simply because they have acted within the framework of the laws and have complied with what is established in them.

The police inspector reported that this currency black market has been functioning for decades with the authorities' tacit permission. He estimated that 50 large and medium-size dollar brokers — linked to large banks, smugglers, and drug traffickers — operate in this parallel market.

The dollar brokers have a strong international scheme with high-liquidity financial assets in the main financial markets worldwide. These brokers are often sharehold-

ers of several official financial institutions, the police inspector asserted.

Military Involvement in Drug Trafficking Viewed

PY1412215895 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Dec 95 p 20

[FBIS Translated Text] For many years now, military personnel have been known to be involved with drug trafficking. Traffickers usually entice minors to join the Army, where they receive guerrilla and jungle survival training and they learn to use heavy weapons. After completing their military service, the youths — most of them unemployed — are hired by traffickers.

The arrest of paratrooper Corporal Clodoaldo Serra Mendes confirmed his links with drug trafficker Ernaldo Pinto de Medeiros, aka Ue. The trafficker might be responsible for the taking over of Turano hill, in Tijuca, for controlling drug dealers' spots.

Marcelo Lopes Soares Medeiros, also a parachutist, was arrested one month ago along with trafficker Romildo Souza da Costa, aka Miltinho do Dende. In his statement, Lopes Soares confessed that he is responsible for training the trafficker's army. Another indication of paratroopers' involvement with drug trafficking was confirmed in September, when 10 youths were murdered at 117 Largo Street, in Turano. Among the dead was parachutist Kelison Athanasio, 22, a member of the Murilo gang.

Rio de Janeiro drug traffickers are also interested in the marines. Two weeks ago, the 16th Military Police Battalion (Olaria) arrested trafficker and abductor Messias do Nascimento, aka Naval, who reported details of the abduction of entrepreneur David Kogan, who died in captivity in July 1995.

Colonel Valmir Brum, the sixth Battalion (Andaraí) Commander, found indications of the link between traffickers and military personnel in two camps found in the Tijuca forest. The field huts and the camp fires proved that only with military training could the bandits assemble the entire structure. According to an officer of the fifth section of the Eastern Military Command, no list has ever been made of military personnel involved with drugs.

Editorial Views 'Change' in President's Speech

PY1812150895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Dec 95 p A3

[Editorial from the "Notes and Information" page: "One Speech Different From the Others"]

[FBIS Translated Text] If our interpretation of President Fernando Henrique Cardoso's speech on 30 November

to the Second National Meeting of Consumers and Housewives in Belo Horizonte is correct, the Sivam [Amazon Region Surveillance System] case (which some prefer to call "the listening device") could yield positive results for Brazil's overall policy. We can even imagine the very selected audience, with which the president would identify — as in his days as a professor. Previously, we would have had a speech filled with ironic observations, windfalls, and witty words to captivate his listeners. During his speech in Belo Horizonte, Cardoso unveiled another personality: that of a serene, not to say humble, president, ready to admit errors. Does this represent a true change or is it just a show? If it is a show, the true spectators, the "valid interlocutors" will soon realize what is it all about and the show will have been in vain; but if it implies a profound change, the political process has much to gain and confidence in the president will be restored.

What did the chief of government say which, in spite of being important, received very little attention? Several things, one of which is more important than others: "The great abstract decisions we make every day in Brasilia are justifiable only if people realize they seek to favor the people. They are often made to favor the people but people do not realize it. Other times they are negative and the people do not realize it." Those who follow the speeches of the president of the Republic — the one to which we refer has very little to do with "easily flowing speeches" — will hardly recognize phrases like those in which he admits that decisions adopted in Brasilia are abstract (we hope the chief of government has finally become aware that he is living the illusions of Fantasy Island or of an Oneiric Delirium!); and that those decisions may be unfavorable to the people! A mea culpa, or recalling Ecclesiastes ("Vanity of Vanities, and everything [is] vanity"), rarely have we seen the president of the Republic (not to mention his ministers who almost all, if not all, live on Olympus, from where they contemplate that which they imagine is the vulgarity that surrounds them) recognizing that abstract decisions unfavorable to the people are made by the "social" government which came to change Brazil.

The president who used to laud the successes of the Real Plan (in many aspects successes verifiably empirically, as His Excellency would have liked to say in the past), has now become a chief of government who does not hesitate to tell Minas Gerais housewives: "We have done a few things, it is true: The real plan and the drop in inflation are not just a few things. Brazil has done more. Referring specifically to the way we are organizing ourselves, and concerning relations between the government and society over a system of quality control so consumers may complain, so they may have

a speaking and voting power; we are just beginning." Surely the president was referring to the Procons [Office for the Defense and Protection of Consumers], but his expression in plural "we are just beginning" means and implies the admittance of guilt by those who make abstract decisions. Likewise, the same way in which he refers to the economy shows His Excellency was aware of the importance of the credibility of those who have decisionmaking powers: "Because economy (...) has much to do with human conscience, it has much to do with the capacity of others to believe that it will be this way."

Is it necessary to go a little further? We do not think so. Let us stop here. The president's speech represented a change, possibly forced by the circumstances of what has happened and what is happening. This is a change which, as we have said, could be positive for the country. The moment the president again becomes a common citizen like any other — we know of his limitations and of those of his aides, not believing in the holy virtues of that "science" called economy (which in the past was more respected for being called Political Economy) — it will be possible for the executive branch to step down from his ivory tower and begin to see that, if the polls reflect the president's popularity, it may be because the people are unaware that abstract decisions which do not favor them have been made. Telling the truth always makes presidents feel better.

It makes them feel better not because power corrupts, as Lord Acton would say, but because power dazzles us. It is for this reason that Ecclesiastes takes care of presidents' vanity by saying: "1.16. I have acquired great wisdom, surpassing all who were over Jerusalem before me; and my mind has had great experience of wisdom and knowledge. 17. ...I perceived that this also is but a vain desire. 18. For in much wisdom is much vexation, and those who increase knowledge increase sorrow."

Let us hope that the change in the president's speech shows a real change in the way Planalto Palace sees the world. If it was just a show to regain lost positions, his excellency will see that "all was vanity and vain desire."

Chile

Declaration Signed With U.S. To Further Economic Ties

PY1512234695 Santiago EL MERCURIO in Spanish
14 Dec 95 pp A1, A11

[Report by Patricio Gonzalez Cabrera, special EL MERCURIO correspondent in Washington]

[FBIS Translated Excerpt] Chile and the United States signed a Declaration of Intent to boost bilateral agri-

dustrial, infrastructural, and environmental trade on 15 December.

The accord comes within the framework of a two-day official visit, during which a delegation of Chilean businessmen headed by Economy Minister Alvaro Garcia and Eduardo Moyano, the deputy chairman of the Foreign Investments Committee, held several meetings with U.S. entrepreneurs.

The economy minister said a new round of business talks was initiated with the U.S. Department of Commerce, seeking to enhance investments. [passage omitted]

Garcia discussed the issue of the Chilean Embassy in Washington during a news conference he called after meeting with U.S. Commerce Secretary Ronald H. Brown at the Capitol, where they signed the Declaration of Intent. [passage omitted]

NAFTA

The economy minister stated that in all his meetings in the United States he reiterated the conviction of Chilean economic authorities that, technically speaking, Chile can join NAFTA.

Garcia said: "Our negotiations with NAFTA members went like clockwork. Nevertheless, we have come up against a political difficulty in that it is impossible to bring negotiations to a successful conclusion unless the U.S. Government accords a "fast track" [preceding two words given in English] treatment to this issue and approves our incorporation."

The economy minister added that political bickering in the United States led one to believe that our incorporation into NAFTA had failed. In meetings with U.S. businessmen and economic authorities, however, one is led to believe there is a good chance it will be approved once the dispute between President Bill Clinton and the U.S. Congress — which is controlled by the Republican Party — is settled.

Garcia added: "The talks we held with government officials, including Secretary Brown himself, and those with congressmen confirmed our belief that the United States is favorably disposed toward our joining NAFTA. The only thing missing is for the United States to resolve its domestic problems."

The economy minister will return to Santiago on 14 December.

Camilo Escalona Re-elected Socialist Party Chairman

PY1512152395 Santiago *EL MERCURIO* in Spanish
12 Dec 95 p C6

[FBIS Translated Excerpt] Deputy Camilo Escalona, who was re-elected chairman of the Socialist Party [PS], yesterday asserted that his victory represents an endorsement of the leftist policy the PS has been implementing within the Coalition of Parties for Democracy [CPPD]. Within that framework, he advocated the need to strengthen the governing coalition's unity in line with that stance.

Yesterday Escalona was congratulated for his victory by the main leaders of the CPPD member parties with whom he discussed the draft working agenda for the coming year designed to restore the strained CPPD unity.

Escalona received phone calls from Ministers Carlos Figueroa, Genaro Arriagada, and Soledad Alvear, who congratulated him for his ample victory in the internal PS elections held on 10 December.

He was also congratulated by Ricardo Lagos, public works minister and leftist leader of the CPPD, who asserted that Deputy Escalona's reelection reveals the need for the CPPD to learn how to deal with its differences.

Officially, La Moneda, through Jose Joaquin Brunner, minister secretary general of government, stated that it will always respect and work with the authorities of the parties that represent the base of its political support, no matter who heads them.

Moreover, he said that because this administration is above partisan interests, the cabinet will not be affected by the internal results of the elections of any governing parties.

In the meantime, the National Renewal Party [RN] and the Independent Democratic Union [UDI] have said that Escalona's victory represents a setback, and their leaders predicted an increase in the differences that have appeared within the CPPD due to the PS stance, particularly that of its president, regarding Frei's proposal.

Senator Ricardo Nunez, who headed the renewal sectors slate that came second in the elections, was the first to congratulate Escalona.

In the meantime, in the afternoon the PS Supreme Court disclosed the official vote return, with a little more than one-third of the votes accounted for, that confirms the victory of the slate headed by the current PS leader. Escalona has 48.6 percent of the votes, while Senator

Ricardo Nunez has 28.7 percent. Deputy Juan Pablo Letelier comes next with 15.12 percent of the votes, followed by Francisco Rivas with 7.6 percent.

The Supreme Court report also confirms that Deputy Isabel Allende was elected first vice president and former legislator Carmen Lazo, of the slate headed by Escalona, second vice president. Physician Edgardo Condez was elected secretary general and Deputy Fanny Pollarolo vice president for women's affairs. Condez and Pollarolo both belong to slate headed by Escalona.

There are still no definite results regarding the election of the central committee, an important PS political organ. The membership of this committee clearly shows the weight each of the internal tendencies has. According to preliminary estimates, of the 45 national posts, Escalona's list secured some 16 and Nunez' some 14.

Attorney Gustavo Horwitz, president of the Supreme Court, noted that among the noteworthy aspects of the elections are the election of three women as members of the executive board and the fact that up to now nobody has questioned the legitimacy and normal development of the elections.

According to information at hand, more than 20,000 socialist militants participated in the election.

Minister Brunner, in commenting on Escalona's victory after congratulating him, said that the authorities are not going to assess the rationale behind the results.

Therefore, they do not think the stance publicly adopted by the government as well as the PS regarding the reconciliation proposal will vary.

He dismissed the versions stating that the government was more in favor of the renewal list headed by Ricardo Nunez that included Foreign Minister Jose Miguel Insulza and Labor Minister Jorge Arrate.

He said: "It would be absurd to even believe that the government, as such, may be in favor of internal trends in any of the parties that belong to the CPPD."

For the same reason, he asserted that the authorities will always respect and work with any authority elected by the militants of any CPPD member party.

When asked whether Insulza's and Arrate's position within the government had not become weaker after the elections, Brunner said it hadn't. He commented that they work for the president and not for political parties.

He also said that what would be strange would be for the ministers to support the position of the parties to which they belong rather than the president. Brunner said he does not foresee a "substantial" change in the

human rights project following the reelection of the PS chairman.

Regarding this project and the discrepancies between Minister Figueroa and Escalona, he asserted that the relationship of the parties with each of the ministers goes beyond circumstantial polemics or disagreements that might surface.

Interior Under Secretary Belisario Velasco said that Escalona has loyally represented the PS and is a representative of the CPPD.

He asserted that he is sure that during 1996 this reelected leader will work for the CPPD's unity. "I see no problems; quite the contrary, I see a combined effort with the government, as is the duty of the parties and members of the CPPD that has governed Chile since 1990."

He said that the democracy that is sought is the best framework for respecting human rights. "I believe that in this regard, the PS fully agrees with us. Therefore, we hope that the definite vote in Congress will be positive because this is a historic moment Chile is experiencing." [passage omitted]

RN, UDI Consider Escalona's Reelection 'Step Backwards'

*PY1812151195 Santiago EL MERCURIO in Spanish
12 Dec 95 p C6*

[FBIS Translated Text] Parties of the central right have considered Camilo Escalona's reelection as president of the Socialist Party [PS] a step backwards in the country's political process, for representing a polarized stance.

They are especially concerned over the possibility that the PS might radicalize its position to veto some given subjects such as privatization or modernization.

National Renewal [RN] has pointed out the PS stance to veto all government projects, while the UDI [Independent Democratic Union] feels that the victory of the hardliners over the position of renewal is significant, although it might imply a considerable step backwards in the country's development.

In Temuco, RN President Andres Allamand has said that Escalona's victory clearly shows that the PS renewal process in our country is "fragile and incipient." In the current political scenario, he predicted an aggravation of conflicts inside the ruling coalition.

Although Deputy Allamand personally congratulated his colleague for the victory obtained and termed the electoral process "clean" from the point of view of

internal democracy, he did not stop making critical remarks on the issue.

Thus, he said that as the PS elected leader, Camilo Escalona in this case, it has been demonstrated that the so-called Socialist "renewal" has not yet even "reached its adolescent stage."

He added that Escalona's reelection establishes serious challenges to the ruling coalition, especially because Escalona continues criticizing the legislative agreements reached between RN and the government.

"This confirms that the frictions which are currently observed within the coalition will increase, and the gap, instead of closing, seems to be expanding, considering that it is very difficult to predict how these frictions will be solved."

RN First Vice President Deputy Alberto Espina has agreed with him saying that Escalona's victory is a trial by fire for President Eduardo Frei because he will have to decide between continuing with the proposed reforms or giving them up to preserve the unity of the coalition.

Espina recalled that the main objective of the program with which Escalona ran in the elections was to promote the failure of the programs on human rights and constitutional amendments, which are currently being discussed in Congress, especially those promoted by RN.

He warned that this reelection implies the postponement of certain issues the country needs to resolve such as the privatization of public companies, and considering that there will be a Socialist veto, it will represent an obstacle to concrete steps toward the modernization process, he said.

He added that PS active members decided to vote for Escalona, sacrificing the candidacy of Ricardo Lagos for the next elections slated for 1999.

UDI Secretary General Juan Antonio Coloma said that Escalona's reelection reveals the victory of the hardest line of that party and the defeat of the renovated group.

Escalona's final word that this was the victory of Salvador Allende clearly reveals that the PS has returned to its original roots of the past and has gathered all the renewal policy some of its leaders wanted to propose a few months ago.

He added that this result is a clear explanation that the PS has decided to seek rapprochement with the leftist sectors, to seek a common referent point, and from there on to try to analyze the candidacies for the 1999 elections.

Coloma warned that Escalona obtained his victory by triggering confrontations between the PS and the coalition on opposing the reforms proposed by the government, which he considered an obstacle to development.

"One need not be very keen to realize that his victory seeks the hardening of the leftist sectors, estrangement within the coalition, and the defeat of the renewal sector within the PS," Coloma added.

Socialist Party President Evaluates Party Position
PY1312233495 Santiago EL MERCURIO in Spanish
11 Dec 95 p C3

[FBIS Translated Text] Deputy Camilo Escalona, president of the Socialist Party [PS], said that the great political task next year will be the reorganization of the government coalition to give this organization the necessary mechanisms to be able to solve the serious internal conflict of the last few months, which was created by the human rights bill being debated in the Senate.

Escalona pointed out that the recent tension between the Socialists and the remaining members of the Coalition of Parties for Democracy [CPPD] shows the need to eradicate the method of forced unanimous decision that was tried as an imposition on the PS to accept the Figueroa-Otero human rights bill.

He emphasized that the process for strengthening the CPPD involves the reorganization of its bases and the affirmation of all its members of their will to establish consensus to make the coalition viable in the long term.

Escalona made an evaluation of his two-year term as PS president and the tasks ahead in the immediate future right after his virtual reelection last night in the party's internal elections to name the national leadership that will run this leftist organization in the next three years.

Escalona believes that in the last two years, the PS was able to strengthen its own political personality within the CPPD and that it has carried out coherently a strategy in favor of political-institutional changes and internal institutionalization. He says that this trend gave Socialists strength and an outlook that distinguishes the party in the national scene.

He explained his plans to project the PS into the future and to continue with its historic traditions.

He proposed, however, the urgent need for profound changes in the party's internal procedures in order to overcome the signs of intolerance that tend to prevail, and which can be seen through the lack of common action when the grass roots make democratic proposals.

Escalona added: "We need a united party, not a party inhibited by its internal differences."

He explained that the policy followed by the party has the objective of achieving political-institutional changes as a condition for carrying out the needed social changes. He said it is necessary to strengthen the socialist proposal of better distribution of income, a cooperative economy, and a profound cultural renewal of Chilean society.

Escalona said that the PS will not change its "strong political commitment with the CPPD," as long as the so-called "de facto power" prevails and the institutional system has not been completely purged of its "authoritarian positions."

He emphasized that the PS permanence in the government coalition is not based on occasional events — "which have been a factor of tension in the coalition lately" — but on a common vision of the country.

Escalona also said he continues with the idea of overcoming the differences that have lately emerged with the leadership of the Party for Democracy (PPD) in relation to the debates on the human rights bill.

He made it clear, however, that his proposal does not mean going to an extreme, such as merging with the PPD in a single party. He believes this is not possible or necessary because the two parties have different political ideas for their development.

Within this context, he said the PS wants to represent what the left was historically in our country, with a popular and modern profile. He added that this is not the goal of the PPD headed by Jorge Schaulsohn.

Regarding the communists, Escalona said the socialists believe it is possible to work with the leftist forces that are not represented in Congress in the social field, such as unions, student groups, and low-income communities.

He also believes it is possible to establish an instrumental pact that would allow the 1997 congressional elections to get the necessary congressional majority needed to carry out the political-institutional changes included in the CPPD program.

Regarding the PS internal political-ideological and organizational matters, Deputy Escalona said he does not share the opinion of people who say that the drive for improvements in the PS has stopped.

As proof of his point of view, Escalona said that the party's membership has increased considerably in the last two years, such as greater support in the Teachers Union and the FECh [Student Federation of Chile], and also in the copper, coal, and construction unions.

Escalona expressed, however, the need to establish an adequate harmonization between tradition and change in

the party organization by putting emphasis on renewal, but based on a PS historic tradition of 60 years of existence.

RN To Submit Proposals on Constitutional Reform Bill

*PY1512231695 Santiago EL MERCURIO in Spanish
12 Dec 95 p C3*

[FBIS Translated Text] The RN [National Renewal] Party Political Committee last night agreed to include a series of proposals to the constitutional reform bill it submitted to the government for its debate in congress. These proposals intend to adapt the draft bill to the conclusions that the RN reached in its meeting in Temuco.

According to RN Senator Sebastian Pinera, this shows that those RN senators that do not back the constitutional amendments are not compelled to support the RN Council majority vote. Moreover, he said, it clearly shows the intention of negotiating with them some of the issues included in the constitutional reforms.

Supporters of the Jarpa group and "hard-line" senators did not attend the RN Political Committee meeting.

Pinera reasserted the decision of submitting the proposals by stating that according to the government draft bill the president is authorized to cast a deciding vote in the National Security Council [CSN] whereas this point is not accepted by RN. The RN proposal exempts the president from this responsibility.

Regarding the Constitutional Court [CT], RN does not agree in that three-fifths of the Senate vote are needed to confirm CT members and it will propose to lower it to two-thirds.

It will also insist in that a minority in the Chamber of Deputies may have oversight powers over the majority, without the consent of the latter.

RN senators will submit tomorrow the constitutional amendment proposals to the Senate's Constitution, Legislation, and Justice Committee.

In addition and as a personal initiative, Senator Sebastian Pinera will propose amendments on quorums so that they may be increased or decreased as the case may be. He explained that one of his proposals calls for raising or establishing a special quorum for the approval of draft laws increasing taxes. According to the laws in force, taxes may be amended through a common law, that is, by the simple majority in the room.

It has been reported that the discussion and study of the proposals which encompass these and other "very novel" proposals will start tomorrow. The debate on

the constitutional proposals was approved last week with the votes of two CPPD [Coalition of Parties for Democracy] senators (Anselmo Sule and Andres Zaldivar) and one RN senator (Miguel Otero). Senators Hernan Larraín (UDI) [Independent Democratic Union] and Sergio Fernandez (designated) voted against it.

Senators Sebastian Pinera and Miguel Otero yesterday explained that the proposals include a group of ideas that will adapt the text of the government reforms draft bill to the reforms approved by a vast majority at the RN General Council meeting held in Temuco.

Pinera was in charge of explaining in general terms the extent of the proposals to be submitted.

Regarding the CSN, the government proposal grants the president a deciding vote in case of a tie. The RN proposal calls for the suppression of this deciding vote.

In addition, another proposal states that whenever two CSN members summon a CSN meeting, it is up to the president to summon a CSN meeting within a pre-established term so that the meeting may not be avoided with delays.

As for the TC, a proposal will be made so that the Senate may approve a TC member nominated by the president with only two-thirds of the vote and not three-fifths as it is established in the government proposal.

Regarding oversight rights, the proposal states that only one-third of the deputies are needed to establish an investigative committee so that the minority may have oversight rights and not as it is today, "a favor granted by the ruling majority," according to Pinera.

Regarding the composition of the Senate, Senator Miguel Otero explained that it is not the intention to increase the number of designated senators whose posts are eliminated in the current constitutional proposal.

Pinera said that the RN proposal establishes that the current designated senators should complete their term and their posts eliminated only at the end of their term (in 1998). He said: "This does not affect the current binominal system or the current number of elected senators."

Pinera added that he will submit these proposals along with Senators Sergio Diez and Miguel Otero.

Students Promote 'Disorders' During FMR Anniversary

*PY1812162095 Santiago EL MERCURIO in Spanish
15 Dec 95 pp C1, C8*

[FBIS Translated Excerpt] Several dozen students from the University of Chile Metropolitan School of the Sci-

ence of Education [UMCE] and of Philosophy yesterday promoted disorders at the Macul campus, hurling firebombs and other projectiles onto Grecia Avenue to observe the 12th anniversary of the Manuel Rodriguez Front (FMR).

The most severe incidents took place between 1525 and 1635, when a dozen hooded individuals stoned vehicles at the intersection of Grecia Avenue and Dr. Johow Street, triggering the intervention of Carabineros anti-riot squads which used water cannons and tear-gas grenades.

The Carabineros report states that the throwing of objects onto the highway to call the attention of passersby was organized by groups acting inside the UMCE, on the northeastern corner of Grecia Avenue and Dr. Johow Street, and at the site of the University of Chile on the southeastern corner of Grecia Avenue and Ignacio Carrera Pinto Street.

To prevent further incidents or possible casualties, vehicular traffic was curtailed for a few minutes.

The police have confirmed that no one was injured or arrested during the incidents. [passage omitted]

Country Officially Declared Free of Fruit Fly

PY1512221995 Santiago EL MERCURIO in Spanish
14 Dec 95 p C10

[FBIS Translated Excerpt] In approximately five years, fruit and vegetable exports to Asia will increase by approximately \$500 million per year after Chile yesterday was officially declared free of the fruit fly (also called Mediterranean fly).

The official announcement marked the culmination of a lengthy and persistent program to eradicate this insect, started 15 years ago by the Agriculture Ministry, encouraged by the first achievements in the 1970's when the "ceratitis capitata" [fruit fly] was isolated in northern Chile.

Agriculture Minister Emiliano Ortega yesterday disclosed this important achievement after meeting with President Eduardo Frei at La Moneda, accompanied by the director of the Agricultural and Livestock Service (SAG), the organization in charge of supervising the campaign.

Ortega, in addition to pointing out the benefits this measure will have for Chile's international trade, because it eliminates one of the most important customs barriers, disclosed that the SAG will implement control policies designed to preserve this achievement. [passage omitted]

Colombia

Ministers Present Resignations in Letter to Samper

PA1812234895 Madrid EFE in Spanish

2120 GMT 18 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 18 Dec (EFE) — The Presidency of the Republic has reported that the 15 members of President Ernesto Samper's cabinet presented their resignations to the president today to leave him free to reorganize his government.

All of the ministers presented their resignations en masse in a letter addressed to Samper, who met with them to draft the decree appointing new ministers and ratifying at least half of them.

The cabinet crisis was regarded as imminent last week, when the ministers only waited for the outcome of the parliamentary investigation that acquitted Samper on 14 December for alleged infiltration of drug money in his election.

Three ministers who had been with Samper since his government assumed office on 7 August had resigned earlier. Foreign Trade Minister Daniel Mazuera resigned in November, Labor Minister Maria Sol Navia resigned last week, and Justice Minister Nestor Humberto Martinez resigned last Saturday.

According to the local press, Martinez will be the new ambassador to France. Martinez, who was justice minister until today, waged a terrible battle last week trying to prevent the passing of a controversial proposal that removed penalty from the crime of illegal acquisition of wealth by politicians accused of having ties with drug traffickers.

In their letter of resignation, the ministers assured Samper of their satisfaction for the decision of the Chamber of Representatives' Accusations Committee, which cleared Samper after four months of investigations over the reported infiltration of Cali Cartel money in his electoral campaign for the Liberal Party in 1994.

This change of ministers will be Samper's third in his 16 months of government. In the first one in July, he appointed new ministers for agriculture, health, mines, and education. Later, in August, Samper had to accept the resignation of Defense Minister Fernando Botero, who was the manager of his electoral campaign and one of his closest associates, who resigned so he could be investigated for the narco-scandal and has been held in prison for the past four months.

Political sources say Samper will introduce changes in six of the ministries, but that he will keep his ministers of key areas, including Government Minister Serpa

Uribe, Foreign Minister Rodrigo Pardo, and Finance Minister Guillermo Perry, all of them former assistants in his electoral campaign.

The sources added that the structure of the cabinet will reflect the participation he has given the Conservative Party, the runner-up in the 1994 elections. One of the portfolios will be given to independent sectors and the rest to the Liberal Party, his own party.

Three days ago, Samper told EFE that he will keep the conservatives — there are three at present — although one sector of this party exerts strong opposition and he favors continuing to investigate Samper's probable responsibility in the participation of drug money in his electoral campaign.

Interior Minister Reads Letter

PA1912003095 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2230 GMT 18 Dec 95

[Report by Luis Eduardo Maldonado, from the Narino Presidential Palace]

[FBIS Translated Text] Twelve Ministers of the Ernesto Samper cabinet resigned this afternoon. Three ministers had resigned earlier. Luis Eduardo Maldonado has the details, from the Narino Presidential Palace.

[Maldonado] I am reporting live from the Presidential Palace. This is correct: Twelve ministers signed the protocolar resignation letter to Colombian President Ernesto Samper Pizano. However, all the ministers were present during the regular council session that had been convoked for 1300 today and ended at 1630.

In their letter, the ministers state they are leaving the chief of state free to reorganize a cabinet composed of his closest aides.

This radio station has been informed by presidential sources that six ministers will remain in their posts: Foreign Minister Rodrigo Pardo, Interior Minister Horacio Serpa, Health Minister Augusto Galan, Finance Minister Guillermo Perry, Education Minister Maria Emma Mejia, and Defense Minister Juan Carlos Esguerra.

Here is Interior Minister Horacio Serpa reading the resignation letter:

[Serpa] Dr. Ernesto Samper Pizano, president of the Republic, Narino Palace, in your office:

Mr. President, as we informed you in our note of Friday, the 15th of this month, we are very pleased with the decision of the Accusations Committee of the Honorable Chamber of Representatives.

This decision completely clears the horizon of your mandate and permits you to continue working as in-

tensively and efficaciously as ever on the tasks you imposed on yourself on 7 August.

Since in your speech of Thursday of last week you said that your government would enter a new phase with the already mentioned ruling, we have deemed it timely to give you the freedom to choose your closest aides.

We are honored to have served under your leadership and to have participated in the good march of the profoundly social-minded policies your government has been implementing for the benefit of all the Colombian people.

Likewise, we want to state to you that from wherever circumstances may place us, we are prepared to defend the work of your most important government endeavor.

We are presenting therefore our resignations from our posts.

This is signed by:

Dr. Rodrigo Pardo Garcia-Pena, minister of foreign affairs

Dr. Guillermo Perry Rubio...

[Maldonado, interrupting] This is signed by all the ministers who participated this afternoon in the regular session, with the exception of the three ministers who had resigned earlier.

Government Minister Said To Resign

PA1812224495 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2209 GMT 18 Dec 95

[Report by Miguel Pardo Maldonado from the Presidency]

[FBIS Translated Text] Government Minister Horacio Serpa Uribe, who presented his resignation to President Ernesto Samper Pizano this afternoon, also admitted that his remarks have been a thorn in the side of several U.S. officials. Serpa Uribe described Robert S. Gelbard, assistant secretary for International Narcotics and Law Enforcement Affairs, as unfriendly and berated the Accusation Commission's decision not to open a criminal investigation against President Samper.

Reaction to U.S. Assistant Secretary's Statement

Government Studying Sending Protest Note

PA1812134095 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 18 Dec 95

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Colombia is studying the possibility of sending a protest note over the remarks by

U.S. Assistant Secretary of State Robert Gelbard, who questioned the results of the preliminary investigation of President Ernesto Samper by the Chamber of Representatives Accusation Committee.

Foreign Minister Rodrigo Pardo Garcia-Pena said that the remarks by the assistant secretary of state for international narcotics affairs should be viewed as an official U.S. Government statement because he is a high-level official in the Clinton administration.

Gelbard told CNN that he considered there was little seriousness in the Accusations Committee's decision in the case of President Ernesto Samper Pizano and the investigation of the alleged infiltration of drug money into the past election campaign.

The United States had announced that its policy on the Colombian situation was one of respect for internal affairs. Therefore, we hope it will return to and maintain this policy, Pardo Garcia-Pena said.

For his part, former presidential candidate Andres Pastrana Arango said that the doubts of U.S. officials show that country's interest in decertifying Colombia because of the results of the struggle against drug trafficking. The United States has shown on several occasions its intention of suspending the certification for Colombia and this time, when there has been severe criticism of the results of the Accusations Committee's investigation, the idea of limiting aid to the country seems to be making headway, Pastrana Arango said.

Meanwhile, Luis Fernando Jaramillo Correa, president of the Liberal Party National Directorate, described Robert Gelbard's remarks as irritating and unacceptable, stating: The United States should worry more about solving its own problems before thinking about governing all the countries of the world or trying to blame others without seeing its own errors.

Prosecutor General Alfonso Valdivieso Sarmiento refrained from making any statement on the topic, only noting that in any case, the Chamber of Representatives Accusation Committee's decision does not affect the continuity of the investigations within the so-called Case 8000.

Accusation Committee Chairman Heyne Mogollon Montoya indicated that Gelbard's remarks do not correspond to the position of the U.S. Government.

Foreign Minister Views Statement

PA1812203295 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish
1730 GMT 18 Dec 95

[Report by Marisol Veira at Narino Presidential Palace; from the "Colombia 12:30" newscast — live]

[FBIS Translated Text] [Veira] We are with Foreign Minister Rodrigo Pardo and we are asking him: Foreign Minister, will a protest note be sent regarding Robert Gelbard's statements?

[Pardo] We really have not decided on this because we have already conveyed our position in a very clear manner through media and public sources. The same goes for Ambassador Frechette's statements. I have made a statement, in the name of the national government and by instruction of the president of the Republic, rejecting those statements. I asserted that we want to work in the struggle against drug trafficking based on the nonintervention in the internal affairs of our country.

[Veira] On another issue, foreign minister. There are rumors that you will be the next communications minister. Will you accept?

[Pardo] Well, I will accept whatever the president says. However, the truth is that I have not talked to him and I really do not know if this is what he is thinking.

[Veira] Mr. Foreign Minister, thank you very much.

Foreign Minister on Ties With U.S.

PA1812170895 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1410 GMT 18 Dec 95

[Telephone interview with Foreign Minister Rodrigo Pardo Garcia-Pena by Antonio Jose Caballero, Juan Gossain, and two unidentified reporters in Santa Fe de Bogota — live]

[FBIS Translated Text] [Caballero] We have direct contact with Colombian Foreign Minister Rodrigo Pardo Garcia-Pena this Monday morning. Mr. Foreign Minister Pardo, good morning.

[Pardo] Good morning, how are you?

[Caballero] I am fine, how about you?

[Pardo] I am fine.

[Caballero] How is the year coming to an end precisely when Mr. Robert Gelbard, assistant secretary for International Narcotics and Law Enforcement Affairs, is attacking Case 8000 and what the Accusation Committee of the Chamber of Representatives announced to the

public opinion regarding the investigation that was conducted?

[Pardo] It is coming to an end, I believe, in the same way the entire year has. You may note that the two topics that have caused the greatest problems during the entire year are the ones that continue to be discussed, which are our relations with the United States and the border problems caused by the guerrillas at the border with Venezuela.

As for the statements made by Gelbard, we were caught by surprise by the change of policy by the United States. Ever since this Colombian crisis began they stated what they had to state, which was that it was a Colombian domestic matter and I believe they must return to that policy, among other things because what matters here is the joint work by both countries against drug trafficking, and the best way to conduct this work is based on mutual respect and confidence between the two countries. Unfortunately, the way we see it, because of the big reactions in the media [words indistinct] the confidence that is needed.

[Caballero] This will have an effect on the certification [words indistinct] and Colombia did bad once again.

[Pardo] I frankly do not think so, Antonio Jose. First, because it is a bit too soon. We must remember that what the U.S. law states, what U.S. internal law states — it is not an agreement with Colombia — is that the U.S. president submits his report to Congress on 1 March. Second, there has been no other year in Colombia's history or in the history of other countries in which there have been so many good results in the fight against drug trafficking. Third, I do not believe it is right for the country to be at the edge of its seat thinking about a certification that is not in our hands and that as U.S. Ambassador Myles Frechette has clearly stated, not only depends on our results in the fight against drug trafficking but on the internal political process at a time in which that country is going through an especially complex situation when both leading parties in the United States dominate the two leading branches of government and when a new presidential campaign is just starting.

[Unidentified reporter] Given the rank of Gelbard and the fact that he is being mentioned as a possible successor of Lee Brown as the U.S. drug czar, is a U.S. formal explanation necessary? Is the Colombian Government going to file a protest note?

[Pardo] I do not think a protest note is necessary because, through the media, I have clearly stated on behalf of the Colombian Government that we neither accept nor agree with this type of statement. We do

not agree with attitudes that are different from that of showing respect for the internal affairs of the country. I am publicly responding to Gelbard's public statements. I hope, Francisco, that we are able to fix things up or at least place our relations within a framework that can allow us to work. We cannot stop having excellent relations with the United States because there are many things at stake, including the fight against drug trafficking, the most important.

[Reporter] As for the problems with Venezuela. The Venezuelan Defense Minister Moises Orozco Graterol told us that half of those who were arrested in [words indistinct] were Colombians and the other half were Venezuelans.

[Pardo] The truth is that I do not have sufficient information to give you a definite answer. Unfortunately, the dynamics of the border problems are such that there are always these types of situations in which the lack of precise information prevents us saying or doing what is most appropriate. At any rate, we have clearly stated that we do not accept the presence of Venezuelan troops in Colombian territory and we are not promoting the presence of Colombian troops in Venezuelan territory. The armed forces, the defense ministers, and the foreign ministers of both countries have made public statements in the last three or four weeks in the sense that the coordination of the operations by the armed forces has to be done with the presence of each army in its respective territory.

[Gossain] Thank you minister. Will you continue in the Foreign Ministry?

[Pardo] Juan, that is a question you must ask the president. I am willing to work where the president sends me, on the bench or on the stands.

[Gossain] Watching from the stands and doing what on the bench?

[Pardo] Waiting on the bench with, let's say, with a lower level of activity.

[Gossain] You are being mentioned as an untouchable.

[Pardo] I have seen presidents face these types of situations and the truth is that all those in government, political observers, and the media must be willing to do anything. When the time comes to form a cabinet to balance powers, to have a greater representation in the cabinet, you must be willing to [words indistinct].

[Gossain] Changes take place at any moment. When is the Council of Ministers going to start?

[Pardo] It is scheduled for 1300 today as it is every Monday.

[Gossain] That is when the cabinet will submit its resignation according to protocol?

[Pardo] I suppose so, that is what the media have reported and that is what the political atmosphere indicates.

[Gossain] Interior Minister Horacio Serpa will be the one in charge of [words indistinct].

[Pardo] I think so, Juan. It was done the same way during the resignations in June or July [words indistinct] coordinated with us to submit a resignation, which is really not necessary because the president can change his collaborators when he decides. It is just a way of facilitating things for the president at a time in which a reconsideration of the political position seems necessary.

[Gossain] That is why it is called protocol. Thank you, minister.

[Pardo] Thank you and a good day to you, Juan.

Police, Defense Chiefs on Statement

PA1812200695 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish
1730 GMT 18 Dec 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] The statements made by Robert Gelbard, the U.S. assistant secretary for narcotics affairs, on the Accusation Committee's ruling has caused ill-feeling in President Samper's government. National Police Director Rosso Jose Serrano and Defense Minister Juan Carlos Esguerra made comments on the issue just a few minutes ago:

[Begin recording] [Unidentified reporter] What does Colombia stand to lose if the United States definitely does not certify it?

[Serrano] It would be very complicated for us because, as you know, we have had an agreement with the United States since 1980. The police air service operates with this aid. The exchange of information is very effective. I believe the sacrifices made by the police and the country have been great.

[Esguerra] This is no piece of cake, as perhaps we could imagine it to be. It is no simple matter. Things are much more complicated when we are working on them. So, if we view the number of hectares that have been fumigated, we have to take into account that never before had this been done. The same goes for the number of drug laboratories we have destroyed. This has never been accomplished in the past. Also, the same for the quantity and quality of the big drug

kingpins we have arrested in the current year and the quantity of chemical precursors seized. Really, the results accomplished have to fill us with satisfaction. [end recording]

Justice Minister, NLD Head Comment

PA1912034495 Santa Fe de Bogota Inravisión
Television Canal A Network in Spanish
0000 GMT 19 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The statements by Robert Gelbard and U.S. Ambassador Myles Frechette have stirred great controversy in Colombia. Today, several sectors joined in the controversy.

[Begin recording] [Interior Minister Horacio Serpa] On Gelbard's well-known statements, I have said I will not comment on them. I have said I think this individual is quite unpleasant.

[National Police Director General Jose Rosso Serrano] [Indistinct] the Cali mob. What we have done in terms of eradicating crops has been spectacular. I think this has been one of the country's best years in the war on drugs.

[Justice Minister Nestor Humberto Martinez] During the times when extradition was in force, it coincided precisely with Colombia's highest rate of violence and crime. Extradition, let us be clear, is not synonymous to an effective crime-fighting tool.

[National Liberal Directorate president Luis Fernando Jaramillo] This is a huge mistake! The United States has so many problems it should, instead, concentrate on managing its own problems and stop influencing ours.

[Defense Minister Juan Carlos Esguerra] I believe that Colombia widely deserves certification. The 1995 results are overly satisfactory and clearly show how this has been the best year in the fight on drugs in history.

In turn, Foreign Minister Rodrigo Pardo today ruled out sending a letter of protest to the U.S. Government but did show his annoyance over Gelbard's meddling in Colombian affairs.

[Pardo] I think it is sufficient to clearly establish, as I am doing on Colombian media, our government's stance that we do not share or accept those statements, and we seek, demand, and are willing to work toward relations based on a mutual respect for the internal affairs of each state. [end recording]

Constitutional Court President Interviewed

PA1812215695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 14 Dec 95

[Interview with Constitutional Court President Dr. Jose Gregorio Hernandez by studio announcer Dario Arizmendi, reporter Judith Sarmiento, and unidentified male journalist, in the Santa Fe de Bogota studio — live]

[FBIS Translated Text] [Arizmendi] Good morning, Dr. Hernandez.

[Hernandez] Good morning, Dario.

[Arizmendi] What is your impression of the Senate's approval, with a 56 to 32 vote, of an initiative that is apparently supported and based on a Constitutional Court verdict resulting from a consultation raised before you regarding illicit enrichment?

[Hernandez] Well, Dario, there is much to be said about this. First of all, with regard to the bill which originated in Congress proper — that is the contents of the bill that have been or can be approved by Congress — the Constitutional Court, as you well know, cannot make a statement beforehand because the bill could be sent to court.

Suppose the bill is rejected by the president of the Republic; if it becomes a law it will be sent to the Constitutional Court and the Court would be unable to say anything at that moment because it would be prejudging. However, generally speaking in regard to the illicit enrichment issue, I do believe it is important for the general public to know the following: first of all, it is obvious that over the past two and a half years the Constitutional Court has not said anything further about the illicit enrichment issue. Article 1 of Decree 18-95 of 1989, which established the crime of illicit enrichment, was adopted as a permanent law by Decree 22-66 of 1991, and was declared valid by the Constitutional Court; in other words, the Court understood that when Congress established illicit enrichment as a crime, it was not violating the political constitution.

Well then, the Court's considerations at the time should be understood as considerations made under certain circumstances, within legal and historical contexts that have radically changed over the past two and a half years. The considerations stated in the explanatory part of the verdict — as you know very well, a verdict has two parts — the explanatory part in which the judge states the reasons for his decision and the resolvent part, which is the decision itself, which is obligatory. It does not compromise former adjudication.

The explanatory parts of verdicts, in accordance with universal principles governing judicial matters, are not

obligatory. If they were they would obstruct the possibility of revising jurisprudence and (?hinder) the restoration of rights [devolucion del derecho], unless the resolvent part remands this, which is not usually the case. Courts, not only in Colombia but throughout the world, always have the option of modifying their jurisprudence in accordance with the evolution of legal concepts and in accordance with the circumstances in which the law is applied.

This decision, I repeat, was reached in March 1993, and new lawsuits were recently filed against the same article, but the Court has always had to say that it would not consider them because of former adjudication of the resolvent part, which declared that the establishment of illicit enrichment as a crime was valid.

As for the projection of a specific law that has been or is about to be passed by Congress, the Constitutional Court has nothing to say because, I repeat, it would be prejudging.

[Unidentified reporter] Dr. Hernandez, but the foundation of the law which was included in the public order bill yesterday and approved by the Senate, is precisely a writ you filed in October in which the Constitutional Court abstained from admitting a lawsuit against the law that establishes or typifies the crime of illicit enrichment, but which includes considerations that the Court had already made which established that illicit enrichment is an incidental crime and that a previous sentence would be required to prosecute someone for that crime.

[Hernandez] Of course, because precisely what you are saying was stated in the explanatory part of the verdict, but the writ in question dated 18 October, and other writs which the Court has issued regarding the same topic, only rejected the lawsuit. It told the person who filed the lawsuit that the lawsuit could not be considered by the Constitutional Court because the Court would be violating the principle of former adjudication if it were to again issue a statement on that issue.

As a formula used in writs of rejection, the reasons that led the Court at that time to declare the constitutionality or unconstitutionality of the law that was already adjudicated would be quote, reproduced, unquote to clearly establish that the Court already issued a statement regarding that issue. This does not mean that the explanatory part of the verdict is obligatory in any way. Look, two years ago the Constitutional Court itself declared the unconstitutionality of the word obligatory, which was used in Decree 25-91 of 1991 issued by the Court in reference to jurisprudence.

The Court has always understood that unless reference is made in the resolvent part of the verdict to the

explanatory part, the explanatory part is not obligatory and it does not compromise [hace transito] former adjudication; what is compromised, I repeat, is the resolvent part.

When lawsuits are rejected that is what happens. The person filing the lawsuit is told that the matter cannot be reconsidered.

[Unidentified reporter] In general terms, Dr. Hernandez, the court's jurisprudence is an auxiliary [auxiliar] and nonobligatory opinion?

[Hernandez] The court's jurisprudence is an auxiliary opinion. In other words, it is guidance from (?two) judges regarding their verdicts. Constitutional doctrine is different because when there is no law that is expressly applicable to the case the judge is considering, and the Constitutional Court has its own interpretation of a constitutional regulation — not a legal regulation like this one — then in the absence of an expressly applicable regulation, Law 153 of 1887 states that constitutional doctrine is applicable.

Take note, however, that this is completely extraordinary. It does not imply that the court's jurisprudence, in other words, the explanatory parts of the verdict which leave a trail or tracks that could serve as guidance, will become totally petrified, unchangeable, and unable to be gradually adapted to the new legal concepts and new circumstances. This is why the courts always demand — as does the Constitutional Court — the possibility of gradually modifying its jurisprudence.

As you know, this has happened in the past; it happened throughout this century at the Supreme Court of Justice, which modified its jurisprudence when it deemed it pertinent, and the Constitutional Court has done the same because the law is dynamic, it is not anchored in any particular moment in history. The circumstances of two and a half years ago, I repeat, are not the same as today's.

[Sarmiento] Of course. Dr. Hernandez, from the legal conceptual point of view, is a person who perpetrates a crime through which he earns money guilty of illicit enrichment? Is a person guilty of illicit enrichment if he receives money from another person who committed a crime that earned him the money, or if the person who committed the crime is sentenced for his crime or is under investigation for it?

[Hernandez] Well, Judith, forgive me for not answering that question because it is not the Court's duty to make penal analyses. This is the domain of criminal court judges. There are criminal trials under way at the Prosecutor General's Office as well as before judges, and I do not want in any way to influence the way those

judges interpret the law. The Constitutional Court's actions were limited to deciding whether to change that crime's autonomous status to constitutional status, and the Court decided that it was constitutional, it was adjusted to the Constitution, and it is currently valid.

[Arizmendi] Dr. Jose Gregorio Hernandez, president of the Constitutional Court. From a purely legal viewpoint, what is the meaning of an inhibitory verdict [fallo inhibitorio] by the House's Accusations Committee with regard to the president's case?

[Hernandez] That is another issue that is beyond the domain of the Constitutional Court, which has already broadly acknowledged that it is up to the the Senate of the Republic to prosecute the president after he is accused by the Chamber of Representatives and after he is investigated by the same body's Accusations Committee. The Court has established that this legislative cell was perfectly authorized to conduct the investigation and to issue a statement. Therefore, it is a decision that does not carry the weight of a verdict from the material point of view. It is a decision that should be adhered to but the Court will not qualify the contents of that decision because it is not its competence.

[Arizmendi] From the informational point of view, Dr. Hernandez, what is a inhibitory resolution? Does it mean that the entire procedural effort is shelved and that the possibility will always exist that a file can be reopened if new evidence is presented?

[Hernandez] Inhibitions are usually filed when courts find that they are unable to issue an in-depth statement. When they cannot decide on the material that has been presented to them, either because they do not have the necessary elements of judgment and cannot reach an agreement for or against something, or because they must face situations such as those seen at the Constitutional Court such as, for example, a suit filed against a resolution that has already been abolished.

Then it has no effect, and it would be useless for the Constitutional Court to issue a statement. Therefore, the Court disqualifies itself or, in other words, it decides not to decide. That is an inhibition.

[Arizmendi] But in the specific case of the House of Representatives' Investigation Committee, does not such an inhibitory decision simply show that no merit or evidence was found to open a formal investigation against the president?

[Hernandez] This is what an inhibitory decision usually indicates.

[Unidentified reporter] Is there former adjudication or does the book remain open?

[Hernandez] A decision is not made but, I repeat, I would prefer not to go into detail on this issue because I would be going beyond the appropriate sphere of my jurisdiction.

[Sarmiento] You have been very kind. Dr. Jose Gregorio Hernandez, president of the Constitutional Court, who underlined several important elements: First, that jurisprudence is an auxiliary opinion of justice; second, that what comprises former adjudication is the resolute part of verdicts and not the explanatory part; and third, the law is not written in cement or concrete; it is quite dynamic. It is not possible to say that a verdict that was handed down two or three years ago can be the same today. The law gradually evolves, interpretation also, and this is how the Constitutional Court sees it.

Ecuador

Purchase of Weapons To Be Discussed With Peru

*PY1912003995 Quito Voz de Los Andes in Spanish
1700 GMT 18 Dec 95*

[FBIS Translated Excerpt] Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba said today that the Ecuadoran and Peruvian foreign ministers will discuss the purchase of weapons by the two countries during a meeting to be held in Lima in January.

The Ecuadoran and Peruvian Governments will also study the possibility of exchanging information on the recent purchase of weapons by the two countries. Fernandez de Cordoba said: During the meeting I held with my counterpart Jorge Voto-Bernales, we agreed that the foreign ministers should discuss this issue during the upcoming Lima meeting.

Fernandez de Cordoba said the meeting of foreign ministers should be a very fruitful dialogue to make the position of the two countries on this issue quite clear. He said that Ecuador has already proposed to Peru the idea of reporting future purchases of weapons. He added that the Ecuadoran proposal is based on a Peruvian commitment to do the same. He went on to say that if any measure is adopted, it would be a very practical measure of mutual trust that would strengthen the peace process.

This statement was made after the Peruvian Government expressed its concern over the Ecuadoran purchase of four Kefir Israeli-made fighters. The Ecuadoran Government said that the purchase was made to replace four obsolete fighters that are out of service. [passage omitted]

Deputy Foreign Minister: Materiel Purchase 'Normal'

*PY1812211395 Quito Voz de Los Andes in Spanish
1700 GMT 18 Dec 95*

[FBIS Translated Text] Quito — Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba said today that the Ecuadoran Government has not begun an arms race, but rather limited itself to acquiring the necessary materiel to replace that which had been discarded as obsolete. He was referring to the purchase of Israeli fighter planes.

The purchase of aircraft by Ecuador is just a normal acquisition to replace obsolete ones within the framework of a process involving the Armed Forces that is also normal, de Cordoba added. He recalled that this matter will be analyzed by the foreign ministers of Ecuador — Galo Leoro Franco — and Peru — Francisco Tudela — in a fruitful dialogue slated for January 1996 in Lima.

He added that Ecuador will also provide information about the purchase of weapons, and that Peru obviously has the reciprocal obligation to do exactly the same.

Officer Views Quantity of Peruvian Weapons Purchases

*PY1912011495 Quito Voz de Los Andes in Spanish
2300 GMT 18 Dec 95*

[FBIS Translated Text] The Ecuadoran Armed Forces are concerned over intelligence reports that Peru is buying large quantities of weapons at a cost of more than \$1.5 billion.

A high-ranking officer said that Peru is buying large quantities of war materiel, including dozens of (B-72) tanks, (M-29) airplanes, helicopters, frigates, and submarines. The officer, who declined to be identified, said information on hand shows the amount of the purchases to total approximately \$1.5 billion.

He added: This is the information we were able to gather about the Peruvian purchases. We have reliable information on this issue. He said that the Armed Forces are very concerned over the volume of the purchases made by Peru, but that an effort was made not to disclose the information to prevent alarm among the population.

According to an article by the National Communications Secretariat, Senacom, Peru plans to fully reequip its ground, air, and maritime military forces after the terrible failures suffered by its equipment during the military conflict with Ecuador early this year.

Senacom Charges Peru Engaged in 'Gigantic' Arms Race

*PY1812170695 Madrid EFE in Spanish
2338 GMT 16 Dec 95*

[FBIS Translated Text] Quito, 16 Dec (EFE) — In a communique issued today, the State Communications National Secretariat (Senacom) asserted that Peru is engaged in a gigantic campaign to purchase weapons which include tanks, aircraft, helicopters, radars, warships, missiles, submarines, and military supplies.

According to the Senacom communique, based on "sources (unrevealed) of the military industry," Peru's alleged arms race surpasses \$1 billion.

According to Senacom's source, Peru "plans to fully refurbish, its military ground, air, and maritime forces. This decision was taken following the great deficiency revealed by the defeat of its troops by the Ecuadoran troops early this year."

Ecuador and Peru engaged in an undeclared war between 26 January and 28 February due to a dispute over a portion of territory in the Amazon border that lacks landmarks.

According to the communique issued in Ecuador today, the sources said: "It could be said that Peru is practically trying to start from scratch, due to the volume of purchases it is negotiating and those it plans to carry out, as if it were a new country that is trying to set up its Armed Forces."

After the armed conflict with Ecuador, Peruvian military missions started touring the world signing contracts and placing orders.

The communique goes on to say that the Peruvian military men's dilemma after the Soviet Union disappeared worsened when the conflict with Ecuador revealed the technical, human, and supply difficulties the country was experiencing from the military viewpoint.

It then states that with the military experience early this year, the Lima government started a "hasty purchase of weapons allegedly financed with money obtained from the privatization of public enterprises."

The Senacom goes on to point out that, among other things, Peru is negotiating in the capital of Ukraine the purchase of 120 T-72 war tanks.

The Senacom communique recalls that "15 years ago Peru purchased 600 T-72 war tanks in the Soviet Union and now seeks to increase that tremendous potential with a new purchase which would make it the country with the larger number of armored vehicles in South America."

The communique states that the purchase of 120 T-72 tanks for the Peruvian Army would be completed with the purchase of 100 heavy trucks in the United States and Japan for transporting personnel, especially for the Sixth Military Region created not long ago on the Ecuadoran border.

Moreover, the communique goes on, negotiations are also under way for the purchase of six Russian-made MI-17 and three MI-26T helicopters, the latter with a capacity for 100 passengers each, with the purpose of organizing heavily armed troops for rapid deployment to areas of difficult access.

The communique adds that the Peruvian Armed Forces (FAP) purchase order includes a squadron of Russian-made MiG MI-29 supersonic aircraft, which will arrive in Peru in May, while six Peruvian pilots are training in Russia.

The FAP is also negotiating the purchase of an undetermined number of U.S. Westinghouse radars, of the type being used in the Peruvian jungle within the framework of the joint drug enforcement program, according to "sources of the war industry."

The Peruvian Government is also trying — according to the communique — to acquire a "Supe" type transportation ship from Greece, while the naval aviation recently acquired "Twin Otter" units to be used for patrolling and directing operations.

According to the "military industry sources," mentioned by the Senacom communique, the Lima government "hopes to see brochures" to acquire two Hdw-Ferrostal submarines from Germany, six U.S. landing boats, 30 landing amphibious vehicles, 25,000 FNC 5.56-mm rifles, missiles, six F-32 helicopters, and radars, among other weapons.

Peruvian Official Arrives in Quito for Talks

*PY1412161295 Madrid EFE in Spanish
0057 GMT 13 Dec 95*

[FBIS Translated Excerpt] Quito, 13 Dec (EFE) — Peruvian Deputy Foreign Minister Jorge Voto-Bernales said today, upon arriving in Quito, that his visit reflects the Peruvian Government's willingness to normalize ties with Ecuador following the war between the two countries in January and February of this year.

Voto-Bernales said: "My visit seeks to express the Peruvian Government's firm desire to normalize its ties with Ecuador."

He said that another objective of his visit is to meet with Ecuadoran Deputy Foreign Minister Marcelo Fernandez

de Cordoba, with the purpose of resuming "bilateral dialogue."

Voto-Bernales said the meeting seeks "to reassert our intention to strengthen reciprocal measures of trust as expressed in the Declaration of Brazil signed on 6 October and which we endorsed in Santiago, Chile on 8 November."

Ecuadoran Deputy Foreign Minister Fernandez de Cordoba has reported that Voto-Bernales is also scheduled to pay a courtesy call on Ecuadoran President Sixto Duran-Ballen at 2130 GMT, while the deputy foreign ministers are scheduled to meet in the morning.

Peruvian Foreign Minister Francisco Tudela and Ecuadoran Foreign Minister Galo Leoro are scheduled to preside over the Fifth Ecuadoran-Peruvian Diplomatic Consultation Mechanism meeting in Quito on Thursday. [sentence as received] The objective of this meeting is to resume discussions on issues pertaining to border integration, bilateral and cooperation ties.

Fernandez de Cordoba added that the two deputy foreign ministers also plan to draft the agenda of the meeting that Foreign Ministers Tudela and Leoro are scheduled to hold in January in Lima.

Fernandez de Cordoba said: "Ecuador is determined to see that this peace processes is consolidated, strengthened, and ensure that it complies with the declaration of Itamaraty" (the Brazilian Foreign Ministry) which ended the Ecuadoran-Peruvian war on 28 February.

The Peruvian and Ecuadoran deputy foreign ministers declined to comment on reports that their two countries are negotiating the eventual purchase of weapons. [passage omitted]

Leoro: Problems Can Only Be Solved Peaceably
96SM0028A Lima CARETAS in Spanish 7 Dec 95

["Excerpts" of an interview with Ecuadorean Foreign Minister Galo Leoro from the "Undercurrents" column; date, place not given; received via Internet]

[FBIS Translated Text] The Fifth Meeting of Foreign Ministers of the Amazon Cooperation Treaty, held in Lima last Monday and Tuesday, brought together the foreign ministers of eight countries and kindled new hopes for revitalizing a very important pact. For the time being the establishment of the treaty's Standing Secretariat has been guaranteed; the blueprint for it should be ready by June of next year.

For reasons having to do with current circumstances, attention was focused on the foreign minister of Ecuador, Galo Leoro, and the foreign minister of Colombia, Ro-

drigo Pardo Garcia Pena — the former because of the course of the negotiations with Peru during the period of border pacification, and the latter owing to the decision that Colombia will be making in response to Peru's renewed request to have former President Alan Garcia extradited.

On this visit Galo Leoro has, in fact, echoed the reassuring statements that the two foreign ministries have been making concerning harmonizing views on demilitarization, the future tasks of the protocol's guarantors, and the fate of the bilateral talks that will start this January — a month that is regarded as stressful for relations between the two countries, since it includes the commemoration of the Rio Protocol and marks the first anniversary of the fighting along the Cenepa.

During his visit to Lima, the Ecuadoran foreign minister granted an interview to CARETAS to expand on the positive spirit of his statements. He indicated, among other things, that the trip enabled him "to return to Lima, which I have visited often during my diplomatic career. The other reason is that I always have the opportunity to talk with Foreign Minister Francisco Tudela." The following are excerpts from the interview.

[CARETAS] How are these latest talks with Foreign Minister Tudela going?

[Leoro] My talks with Foreign Minister Tudela have been satisfactory from the standpoint of the two countries, not just in relation to the pacification process that has been going on, but also concerning the future. We want to find methods and procedures that above all else will enable us to engage in negotiations under a broader program and approach, and that will lead to a lasting, worthy, and appropriate solution of the problem that has divided us for so long.

[CARETAS] Are you optimistic about the course of the talks on demilitarization and at the diplomatic level alike?

[Leoro] Well, I think that so far there have been parallel gains on each of these complementary issues. We can say that one without the other would not lead us down a road towards our ultimate goal, which is a shared solution. I think that the process has been appropriate, that the guarantor countries have done a very effective job for us and have lent us good cooperation. At this level, it has been particularly necessary in principle. Then, certain guidelines have been established that have helped us to get to the point where we are now, which is practically normalization.

The MOMEPE [Military Observer Mission Ecuador-Peru] is still at work, of course, and I hope that it continues to be every bit as effective as it has

been during the seven or eight months it has been in operation. So, given the current situation, what I can tell you is that my motivation is first of all to be part of this multilateral effort. But then, as I and Foreign Minister Tudela already said, we spoke in New York, in Bariloche, and of course in Quito when he came with President Fujimori in September. Of course, these times, which are multilateral in nature, lend themselves — and must do so — to talks that are in the interest of the two countries.

[CARETAS] After the incidents and the conflict proper last January, and the ensuing detente, both countries entered a period of reflection, concurring that they have more to gain by a rapprochement. Is mistrust being overcome?

[Leoro] What you have just said is very true, not just in relations between Peru and Ecuador, but in all relations throughout the world, as we seek — through international organizations, through efforts at peace — to make of peace what it ought to be: a common goal from which we should not stray by taking tortuous, difficult paths that lead us to an economic and social situation that is not only harmful but also leaves scars, wounds — which in our case are fortunately healing quite well. I hope that we make still greater headway in this regard.

[CARETAS] You have made a request in your country: that the election campaign under way in Ecuador should avoid making excessively sharp references to the conflict and to disagreements with Peru. Do you think that this appeal has worked, that the language of the campaign has been toned down somewhat?

[Leoro] We have to acknowledge that two such remarks were made initially. But as you just said, I proposed that this element not be introduced into the campaign, particularly because I think that the border dispute between Peru and Ecuador must not be part of any political campaign.

No such remarks have been made lately. I trust that the political parties themselves, like the candidates, will see fit not to introduce this element, because the fact is that foreign-policy goals ought to be kept separate from politics. I am not unaware that politics is closely linked to this international matter, but our goal is, and has been, a rapprochement, and we Ecuadorians are thus well advised to keep the dispute on another level, not subject to the vicissitudes of an election race.

[CARETAS] One last question. Has there actually been progress in the demilitarization process? Several people have already predicted that we can be almost certain there will be no repeat of the fighting on the anniversary

of the incidents in January and February along the Cenepa. Do you agree?

[Leoro] I would strike the word "almost." In other words, it must not happen, which is in no way an indication that it could happen or that the climate of reflection of which you speak will necessarily lead to peace.

As a matter of fact, I do not think that these reflections are mechanical. I was already asked a question along these lines this morning. I stated that I saw no link. In particular, if I have to think about my country, I would say that we have never thought that this problem, or any other problem, could be solved in any way other than peaceably, by whatever method.

Sectors Urging Resignation of Duran-Ballen Criticized

PY1812211195 Madrid EFE in Spanish
0019 GMT 16 Dec 95

[FBIS Translated Excerpt] Quito, 15 Dec (EFE) — Ecuadoran President Sixto Duran-Ballen, upon referring to the insistence of various sectors that he resign, stated today that trying to destroy their president seems to be "the Ecuadoreans' favorite sport."

During a public ceremony, Duran-Ballen said: "How can we ask people to come and invest in Ecuador when it seems that most Ecuadoreans' favorite sport today is to destroy their president."

A former president and candidate to replace Duran-Ballen as president as of 10 August 1996, as well as various union leaders, insist that the current president must resign due to his alleged link with the case of the embezzlement of discretionary funds earmarked for the vice presidency. [passage omitted]

Peru

Nineteen Terrorists, Seven Army Members Killed in Clash

PY1912123395 Madrid EFE in Spanish
0015 GMT 18 Dec 95

[FBIS Translated Text] Lima, 18 Dec (EFE) — It was officially reported yesterday that at least 19 active members of the Shining Path terrorist group and seven Army members died during an armed clash in the Peruvian jungle department of San Martin.

According to a communique issued by the Huallaga political-military command released today in this capital, the armed clash took place last Saturday in the area of Belaunde, Nuevo Progreso District, northeast of Lima.

According to the report, two Army members and an unspecified number of terrorists were also wounded.

The official report adds that the military officers who died in the clash were Lieutenant Miguel Malca, Second Lieutenant Ernesto Guevara, Sergeants Jose Aguilar and Arturo Saldana, and Corporals Demostenes Pashanasi, Jeremias Lopez, and Crover Rios. Corporals Manuel Maldonado and Honer Ushinagua were also wounded.

It adds that the killed terrorists have not been identified and that an unspecified number of terrorists were also wounded.

The communique adds that the bodies of the 19 dead terrorists were superficially buried by their comrades who escaped hastily.

It adds that a persecution operation has been ordered against the "criminal terrorists" who escaped, and an intensification of antisubversive operations in the Hualaga region.

According to government officials, Shining Path Maoist gangs and drug trafficking gangs are operating in this coca production zone.

The place where the clash took place is located on the border zone between the departments of San Martin and Huanuco, in the country's jungle region.

Lack of Openness on Foreign Debt Decried

96SM0029E (Internet) Peru DESCO Gopher
in Spanish 7 Dec 95

[From Resumen Semanal 29 Nov-5 Dec]

[FBIS Translated Text] EXPRESO (30 Nov 95) has reported as follows: "The fact that in the annual budget law for next year, the provision requiring that foreign indebtedness operations and the renegotiation of the foreign debt must be made known to the Budget Commission of the Congress has been eliminated is a cause for concern. This change was made just after former minister Carlos Bolona stated that it appeared to him that the total amount of this debt was not \$10.560 billion, as the government had said, but about \$8 billion instead. But on the other hand, to the extent that a major budget cost is involved, and that in fact there are holders of debt paper who have been speculating in anticipation of this moment—something that is entirely legitimate, without a doubt, provided always that these interests were not themselves involved in the negotiations—it is necessary that the country be informed through the pertinent body, which is the Budget Commission of the Congress."

Manuel D'Ornellas, for his part, expressed the following view: "It is not known whether Minister of Economy

Jorge Camet has definitively decided not to appear on television to explain details of Peru's participation in the Brady Plan to the country, or whether he has simply decided to postpone this appearance until later. In any case, the background of the incorporation of Peru in the Brady Plan and the commitments this entails continues to be the subject of critical commentaries, even though the agreements with the 650 creditors have not yet been signed. Insofar as a number of points in this agreement continue to lack precise clarification, these commentaries will become increasingly negative. The experience seen in our country shows this." (EXPRESO 5 Dec 95)

Finally, Mirko Lauer said the following: "The new daily economic publication SINTESIS is urging an investigation of the negotiators of the Brady Plan by the Office of the Controller General, in particular because of the inclusion in the Plan of suppliers' credits in the amount of more than \$1.6 billion. A Morgan Stanley Bank report said that the involvement of suppliers in the Peruvian Brady Plan constitutes 'a most unusual feature,' for which read 'most irregular.' The case here has to do with the debt contracted—without the backing of the Peruvian Government—for a secondhand German submarine. Minister Jorge Camet converted a debt to suppliers that was originally only \$51 million into \$1.632 billion; and he committed the Peruvian taxpayers to paying it off. The submarine in question benefited the German enterprise Citeco [Ferrostal], which at one time sought to use this credit to gain control of the Interbanc. It was unsuccessful in doing so because Carlos Bolona and Jaime Yoshiyama, who were ministers at that time, opposed the move. What argument was used to justify recognizing the debt? What argument is being used to keep this other argument secret?" (LA REPUBLIC 29 Nov 95)

Majority Said To Use 'Double Standard'

96SM0029D (Internet) Peru DESCO Gopher
in Spanish 7 Dec 95

[From Resumen Semanal 29 Nov-5 Dec]

[FBIS Translated Text] The Congress has voted to deprive Congressman Javier Noriega of his parliamentary immunity so that the courts can proceed against him on the homicide charges made against him. Henry Pease, whose responsibility it was to justify the minority opinion, said that there were political motives underlying the charges. As a result, a danger was believed to exist that with this precedent, any other judge might seek to deny immunity to other parliamentarians. (EXPRESO 1 Dec 95)

Commenting on this matter, Manuel D'Ornellas expressed the following view: "The parliamentary majority is proceeding from bad to worse. First it abandoned the idea of inviting General Briones to report on the scandal of the 'drug houses.' Then this same majority deprived Congressman Javier Noriega of his parliamentary privileges. On this last matter, one must agree entirely with parliamentarian Henry Pease, who pointed out the danger created by stripping the FREPAP [expansion not given] congressman of his immunity. There is a danger that any legislator might have his privileges revoked because someone has made judicial accusations against him. Moreover, this outrage smacks of religious intolerance—involving, in other words, one of the 'sects' against which the hierarchy of the Catholic Church has been railing. In the Noriega case, there has been harsh treatment, and in clarifying the political responsibility of Minister Briones regarding the 'drug houses,' there has been neglect. It is painful to note that the actions of the government parliamentary majority reveal the double moral standard of hypocrisy." (EX-PRESO 2 Dec 95)

Financial Oversight Planned for NGO's

96SM0029B (Internet) Peru DESCO Gopher
in Spanish 7 Dec 95

[From Resumen Semanal 29 Nov-5 Dec]

[FBIS Translated Text] The president of the Congressional Supervisory Commission, Miguel Velit Nunez, has announced the drafting of a law designed to provide auditing of the use of international cooperation funds by nongovernmental organizations [NGO's]. This announcement came following an admission by Maria Jesus Reynafarje, international cooperation secretary at the Ministry of the Presidency, concerning the total lack of any state control over the NGO's. This official admitted to the members of the legislative commission that neither the body she heads nor any other state body is supervising the use made of money and assets received by the NGO's as donations from abroad. Reynafarje revealed that there are 928 registered NGO's that received donations in 1994 totaling \$77.31 million. The donations come principally from the United States, through the Agency for International Development [USAID]; and there were also contributions from both governmental and nongovernmental organizations in The Netherlands, Germany, Canada, Switzerland, and Spain. (LA REPUBLICA 2 Dec 95)

Commenting on this issue, the daily newspaper LA REPUBLICA (5 Dec 95) reported as follows: "This matter has been raised repeatedly in recent years, generally by way of a counterattack against some dubious request for an investigation. This time it was

Congressman Miguel Velit, one of the most inspired Change 90-New Majority spokesmen, who launched the traditional charge that the NGO's fail to render any accounting for the funds they receive from abroad, and so should be investigated. What about beginning at home by clarifying and publicly explaining the handling of the Apenkai funds?"

Fujimori Promises 1.6 Million New Property Titles

96SM0029C (Internet) Peru DESCO Gopher
in Spanish 7 Dec 95

[From Resumen Semanal 29 Nov-5 Dec]

[FBIS Translated Text] On 28 November, President Alberto Fujimori announced that the government will issue 1.6 million property titles throughout Peru, of which 550,000 will benefit residents of Lima. He gave assurances that the National Public Registry Office will not be in charge of this task. Analysts do not exclude the possibility that Hernando de Soto's ILD [Freedom and Democracy Institute] might assist the government in this regard. This announcement attracted attention because — as far as anyone knows — the issuance of titles is the responsibility of the municipalities. The chief of state said that the delivery of these legal documents will not be carried out in the traditional fashion (through the municipalities or the public registries); and there is a possibility that these functions may be entrusted to an entity to be established soon. While Fujimori did not provide further details in this regard, many people think that this body might well be the Ministry of the Presidency. (Most dailies 29 Nov 95)

Internal Dissent Marks APRA Congress

96SM0029A (Internet) Peru DESCO Gopher
in Spanish 7 Dec 95

[From Resumen Semanal 29 Nov-5 Dec]

[FBIS Translated Text] At the 20th Extraordinary National Congress of the PAP [Aprista Party of Peru], open disagreements developed in connection with the election of the new secretary general and the members of the future Political Commission and National Executive Committee [CEN]. "The current problem facing the PAP does not involve a battle between the Alanists and the anti-Alanists, but is instead the result of the prevailing mediocrity, which is preventing discussion on basic matters." This was the opinion expressed by Armando Villanueva del Campo. (GESTION, EL MUNDO 4 Dec 95)

On 4 December, the former second vice president of the Republic, Luis Alva Castro, was elected to serve as secretary general of the PAP, winning about 48 percent

of the votes cast by the national delegates. His triumph dashed the hopes of the journalist Mauricio Mulder and former deputy Carlos Roca Caceres, who also sought the highest leadership post in the APRA [American Popular Revolutionary Alliance]. The presidency of the Political Commission is now in the hands of Humberto Carranza Piedra, who defeated the young legislator Alejandro

Santamaria. Other members include former presidential candidate Mercedes Cabanillas; the reelected mayor of Trujillo, Jose Murgia; former deputy Carlos Calderon; and Jose Luna. The general undersecretariat will be headed by former minister Luis Heysen Zegarra. (Most dailies 5 Dec 95)

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